

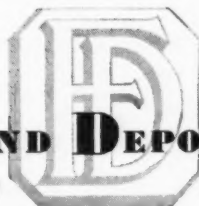
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North America Is Upheld on Partial Subscribership

Murphy Decision in N. Y. States N. A. Can Use Rates Identical to NYFIRO's

NEW YORK—Deputy Superintendent Joseph F. Murphy of the New York insurance department has ruled that the law in that state permits partial subscribership to a rating bureau, and that North America was entitled to make and secure approval of its inde-

NYFIRO considers next move, page 44

pendent rate for the dwelling classes which it filed Dec. 7, 1953. Thus North America was sustained on the two issues to which Mr. Murphy limited the evidence in the hearing in February and March. Superintendent Bohlinger approved the decision.

New York Fire Insurance Rating Org., which asked for the hearing and protested the North America action, had contended that approval of that action would result in rate wars and chaos. Mr. Murphy in his opinion states on this point that his claim "completely overlooks the rating standards of our insurance law, namely that rates must be among other things adequate. It is the intention of this department to see that the rating standards of our insurance law are observed by insurers doing business in this state."

He ruled against the argument of North America that NYFIRO and the intervening insurers are not aggrieved parties and that the superintendent had no power to call the hearing. North America's motion to dismiss the proceeding for lack of jurisdiction was denied.

There has been the widest interest in the issues raised by North America's independent filing and NYFIRO's protest, country over, particularly in view of the entry of Allstate in the field of fire insurance on dwellings.

Pointing out that New York in 1948 brought its article 8 on rate regulation into substantial conformity with recommendations of the commissioners' all industry committee, Mr. Murphy on the issue of partial subscribership quotes article 5 of NYFIRO's constitution which deals with this subject.

During the hearing, his decision states, it was made abundantly clear that the language of NYFIRO's article 5 was adopted to meet the request of the New York department that NYFIRO's rules and regulations be brought into conformity with the New York law, article 8. NYFIRO argued that prior to 1948 the rating law authorized a rating organization to require its members and subscribers to adhere to rating organization rates for all kinds of insurance rated by the rating organ-

(CONTINUED ON PAGE 28)

Home's Premium Income \$1,679,827 Ahead for Half-Year

NEW YORK—In the first six months of 1954, Home's net premium income was \$98,452,495 as against \$96,772,668 for the first half of 1953. In his interim report to the stockholders, President Kenneth E. Black also stated that Home showed an underwriting profit of \$2,425,751 for the half-year as against an underwriting loss of \$340,071 for the 1953 first half.

Assets increased from \$384,626,296 to \$424,461,309, and policyholders surplus from \$158,309,812 to \$192,803,600. Reserves for unearned premiums increased to \$181,126,693, net income from all sources before provision for federal income taxes, was \$9,774,687, as compared with \$5,661,355.

Net income for the 1954 half year, after provision for federal income taxes, was \$6,304,560 as against \$5,502,440. Dividends aggregated \$4 million, equivalent to \$1 per share.

Fire Association Acts to Buy Control of Eureka Casualty

PHILADELPHIA—Directors of Fire Association of Philadelphia have taken action to obtain control of Eureka Casualty of Philadelphia by exercising an option to purchase 140,615 shares or more than 93% of the outstanding stock.

President Kenneth B. Hatch of Fire Association said stockholders who have not granted a purchase option are being accorded the opportunity to sell their stock on the same basis at this time.

Founded in 1915, Eureka Casualty is engaged in a general casualty business in 10 states. By becoming a member of the Fire Association group it will be in a position to offer increased facilities and services to the insuring public as well as to agents and brokers.

New Mexico Agents Elect Alice Walsh

Alice E. Walsh of Gallup was elevated from vice-president to president of New Mexico Assn. of Insurance Agents at the annual meeting last week at Albuquerque. Neil Durham of Clovis moved up line from treasurer to vice-president, and Kenneth Bair of Albuquerque was named treasurer. Paul Sackett of Albuquerque was reelected state national director, with Jack Daniels, Hobbs, retiring president, as alternate in that position. There were 250 attending.

The association unanimously adopted a resolution opposing compulsory automobile insurance and suggesting improvements in the financial responsibility law. In other resolutions, the agents urged the spread of driver training programs and the need for a qualification law.

The new officers were instructed to arrange with the education department of the National association to conduct seminars at the University of New Mexico.

Present membership of the New Mexico association is 165, and the organization intends this year to conduct a spirited membership drive.

The Albuquerque program included talks by John V. Addy, vice-president of Appleton & Cox; Joseph Neumann of Jamaica, N. Y., vice-president of the National association; Williford Gragg, assistant agency director of U. S. F. & G., and Superintendent Apodaca of New Mexico. There were talks by the two gubernatorial candidates, John Simms, Democrat, and Alvin Stockton, Republican.

Joseph Spence of Albuquerque was appointed editor of the association's magazine, *El Asegurador*.

One of the features of the meeting was the unique printed program, made out in the form of an insurance policy on the front, with each registrant receiving a copy with his name typed in as the insured. The program itself constituted the endorsements.

Edna Losses May Run \$40 Million, Estimates Vary

Hurricane Compounds Earlier Losses, Maine, Mass. Hardest Hit

Insured losses caused by Hurricane Edna will run around \$40 million, according to estimates of General Adjustment Bureau. But those losses would have been substantially greater if Hurricane Carol had not ripped through the same east coast and New England area 10 days earlier and caused \$100 million damage, the figure reported in the Sept. 9 issue of THE NATIONAL UNDERWRITER.

As one GAB man put it, TV antennas which were blown down by Carol were not there to be blown down by Edna, so the losses are not so great, although Edna packed a greater wallop than Carol and was broader by several hundred miles. There are minor instances in which property in the same area was not damaged by Carol but were by Edna, but the majority of claims are aggregates of the damage caused by both storms.

Although the adjustment bureaus are handling claims from both storms in the same package, a separate catastrophe number was assigned to Edna by National Board. Losses from the second storm must be reported under No. 54 in Connecticut, Massachusetts, Rhode Island, New Hampshire and Maine.

Maine and Massachusetts bore the brunt of Hurricane Edna after she threatened the New York Metropolitan area but veered out to sea before striking the densely populated territory. General Adjustment Bureau which had set up temporary storm offices in New England after Carol struck, is pouring more men into the area to adjust claims as quickly as possible. The bureau has now moved more than 200 men into the disaster territory from all over the nation, and some are coming from the west coast to work on storm adjustments.

There will be no decisive figures on insured losses in the two storms for about six weeks, GAB said, because of the difficulty in getting estimates from contractors on repairs for roofs and buildings. It is expected, however, Edna will produce 30% additional claims over those of Carol.

The greatest number of losses are in mercantiles and dwelling and buildings and contents. In one day GAB handled 26,245 under EC and on the same day 1,446 automobile losses.

The types of losses vary according to the area in which they took place. In the inland areas the major losses will be on roofs, exteriors, TV antennas, awnings, trees and the like. But on the seashore extensive damage was

(CONTINUED ON PAGE 40)

Late News Bulletins . . .

Cal. Agents Attack North America Rate Plan

The North America companies new fire rating program for dwellings, churches, schools and hospitals has been termed by California Assn. of Insurance Agents an abandonment of "accepted standards of fire protection." A letter to Commissioner Maloney from George O. Johnson, president of the association, urges enforcement of the key provisions of insurance code and charges unfair discrimination.

Ill. Continues NAUA Hearing to Oct. 13

The Illinois Department has notified National Automobile Underwriters Assn. of the continuance of the hearing on the latter's filing of reduced rates and the former's rejection of them until Oct. 13.

Vermont Agents Elect

Vermont Assn. of Insurance Agents elected Edward G. Welchman of Woodstock president at the annual meeting in Manchester. Walter T. Aher of Ludlow vice-president and Harold E. Montgomery of St. Albans secretary-treasurer. Members of the executive committee are Robert E. Berg of Barre, Fred C. Field of Rutland, W. Leland Lawrence of Springfield, Russel A. Reed of St. Johnsbury, Ernest B. Smith of Burlington and Earl F. Liddell of Newport. C. Pres-

(CONTINUED ON PAGE 44)

A&H Bureau Adopts Health Insurance Is Practices Code at Annual Meet

A. W. Perkins of Union Mutual Life Elected New Chairman

Alfred W. Perkins, vice-president of Union Mutual Life of Portland, Me., was elected governing committee chairman of Bureau of A & H Underwriters at the annual meeting at Colorado Springs this week. He succeeds Laurence B. Soper of New York Life.

The meeting was unusually well attended, and the headquarters hotel, the Broadmoor, was booked to capacity.

The bureau adopted a code of practices which has been in preparation for some time and which was approved earlier this year by the governing committee.

Two new companies were elected to membership, North American Casualty & Surety Reinsurance and Union Labor Life, bringing membership to 93 companies.

The governing committee elected at the closing session consists of Logan Bidle, Aetna Life; W. deV. Washburn, American Health; Robert K. Metcalf, Connecticut General Life; Alfred B. Hvale, Continental Casualty; J. Henry Smith, Equitable Society; W. L. Bates, Fidelity & Casualty; Daniel J. Lyons, Guardian Life; William R. Shands, Life of Virginia; Charles G. Dougherty,

(CONTINUED ON PAGE 42)

Health Insurance Is Long-Term Social Issue, Neal Warns

The strong interest of the present administration in the A & H business is convincing of the fact that health is an important political issue regardless of the machinery through which it is administered, Robert R. Neal, resident counsel at Washington for Bureau of A & H Underwriters and H & A Underwriters Conference, told the bureau annual meeting this week at Colorado Springs.

He remarked that from this fact the business should begin to discern a long-term social development as distinguished from pure politics. This development came into being with the passage of the original social security act and was accelerated by the South-eastern Underwriters decision. From events of the immediate past, Mr. Neal said the business must make haste to be ready for the challenges to come. He mentioned that in the 83rd Congress, the A & H business was faced with five issues, for none of which it had much notice or much time to prepare. These were an investigation by the House committee on interstate and foreign commerce to determine what the people could do to insure themselves against the rising cost of medical care, particularly in the field of major disease; an inquiry by the Senate judiciary committee into the practices of mail order A & H; an investigation by the federal trade commission of advertising practices in A & H, still going on; the administration bill for federal re-

(CONTINUED ON PAGE 40)

Utah Agents Hold Annual Confab at Salt Lake City

SALT LAKE CITY—Members of Utah Assn. of Insurance Agents during the first business session here elected six new directors who, together with the six holdover directors, will elect a new slate of officers at the conclusion of the meeting.

There were 200 attending the annual convention, which was addressed by Roy A. Duffus, Rochester, N. Y., who talked on agency management; Commissioner Jones of Utah, and Dr. Milton R. Merrill of Utah State Agricultural college.

Commissioner Jones described the need of his office for additional funds. He pointed out that he has had no increase in personnel or in space, although premium taxes and license charges and fees have gone up steadily.

Concluding the first day's program was a panel discussion moderated by Robert L. Salmon, Jr. of the agency company, Salt Lake, with the members being Harold W. Dance, Logan; Joseph Ringhold, Royal Felder and W. B. Crockett, all of Salt Lake City.

The new directors are: H. W. Dance of Logan; Charles S. Eubank, incumbent vice-president; Lyle Gaskill, Ogden; R. G. Bradley, Salt Lake City; George R. McClure, Salt Lake, incumbent president, and V. G. Jacobsen, Provo. They were installed at the banquet by E. R. Callister, Utah attorney general.

A trophy was given the Salt Lake association for its outstanding job of public relations and membership gain. Denzil A. Bown of Provo was chairman of the award committee. The cup was presented to the Utah association three years ago by Ralph D. Callister, who is now state national director.

President George R. McClure in his annual report touched on the fire rate controversy which put Utah in the limelight earlier in the year. He said the agents were in the middle and "pretty well trampled." There was a hearing, which Mr. McClure said was long, bitter and inconclusive, but a compromise has been worked out.

During the year one of the companies made a filing with the Utah department which included a commission schedule. Mr. McClure said the agents haven't even allowed the National association to say anything about commissions, so they were agitated when a company put them in a filing, thus removing them from the independent contract status. A brief was submitted to the department, and the commissioner backed up the agents. The filing was resubmitted and the commission schedule removed.

One new local board was organized with the title North Utah County Assn. It is the fifth local in Utah, and helped contribute to the association's membership increase during the year.

The association undertook an ambitious program in the preparation of a Utah insurance quiz book upon which the examination for licenses will be based. This new book, Mr. McClure announced, is completed and has been proof read. It will be in the hands of the agents and the prospective agents shortly, and will be the basis for the December examination.

Pa. Agents Tackle Problem of How To Meet Competition

Now Agree that Direct Writer Pressure Is On: Explore Counter Measures

BY KENNETH FORCE

PHILADELPHIA—At its annual convention here, Pennsylvania Assn. of Insurance Agents tackled in a specific way the problem of how to meet the growing competition of direct writers. A good deal of the program dealt with this, directly or indirectly. However, the general store character of the local agency system was reflected in the variety of other topics that were featured.

An entire afternoon was devoted to a panel discussion of meeting direct writer competition. Thornley B. Wood of Philadelphia was moderator and members were Helen A. Blair of Wellsboro; Robert A. Beck of Pittsburgh; Harry W. Fritz of Philadelphia; Robert C. Roha of Meadville, and Robert C. Wenrich of Reading.

Miss Blair thinks agents should not interfere in losses, but Mr. Wood said loss service to the client is very important. It is the greatest business producer in his office, which follows through on every loss, even where a

New officers of Pennsylvania Assn. of Insurance Agents are: President, L. E. Willison, Jr., Williamsport; vice-presidents, W. E. Helwig, Indiana, and George J. Margraff, Philadelphia; treasurer, C. M. Thumma, Harrisburg; manager, Frank D. Moses; state national director, Morton V. V. White, Allentown. The last three are reelections. Marshall W. Davis is assistant manager.

client is trying to collect from the other fellow's insurer. His agency promptly acknowledges loss to insured. Such practice is the finest way to cement customers and get other business.

Miss Blair said ownership of expirations itself puts more heart in agency service than lack of this feature does with the direct writer solicitor. The local agent has been charged with many failures, especially the small ones, including the failure to get out enough, but she wondered if the companies weren't partly to blame for making inside clerks out of their agents because of all the new forms and changes they are bringing out.

Mr. Fritz uses the difference in taxes paid by mutuals and stock companies. To meet price competition, he urged agents to spend more time soliciting and servicing clients.

Mr. Wenrich uses the ability of his agency to handle any and all of insured's problems in selling. He uses the survey, appraisal approach effectively, and stresses the values in placing all business with one agency—and the dangers, especially in casualty, of not doing so.

The weakness of the direct writer is its need of mass treatment of insured and rendering of service by low cost personnel. The way to sell is to point out how real insurance problems are not being taken care of. Call attention

(CONTINUED ON PAGE 43)

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O'Connell Sees Agency System Thriving But Warns Direct Writers Really Work

There is little question, Arthur M. O'Connell, Cincinnati, member of the executive committee of National Assn. of Insurance Agents, told the New Hampshire agents at their annual convention at Sugar Hill, but that the American agency system is in the healthiest position.

The business is not different than any other, in that it is constantly threatened by unpleasant consequences. There are alarmists who say that the agency system is doomed; that the method of insurance distribution fostered over the years is inefficient; that it cannot keep up with changing times, and that if it does not discard its tradition and revise its methods of operation it will be replaced by the chain store, the department store and by the company servant who claims no continuing proprietary interest in his clientele. Nothing could be further from the truth, Mr. O'Connell said.

Agency failures are practically unknown and withdrawals from the business, for any cause whatsoever, are so rare as to become matters of great interest when they do occur. Few established agencies are for sale and when such an offering is made it is speedily consummated at a price which in the years gone by would have been considered fantastic, thanks to ownership of expirations.

He travels about the country a good deal, he said, and he talks to hundreds of agents, and he does not recall a single instance wherein any agent was really dissatisfied with his present situation. The agency system is beset with competition and it is a vigorous, sometimes vicious competition, but there is no indication that in the main it is losing the respect of the public.

Admittedly, he said, a major automobile company owned by a famous

mail order house has catapulted into a commanding position in the past several years but the spectacular rise of this company has coincided with the enactment of financial responsibility laws throughout the nation which created a vast reservoir of untapped risks which heretofore had little or no opportunity to require or observe the services of an independent agent.

Even now report after report comes in telling of the capture or recapture of

risks by local agents who happily realized that competition is a two edged sword.

Incidentally, price competition accounts for only a part, and perhaps a minor part of chain store insurance competition. These boys work, he said. They have to work. They work day and night, Saturdays, Sundays and holidays. They file a work sheet accounting for every hour, and if in the judgment of their superiors their efforts are inadequate they look for another job. It is perhaps part of the price paid for freedom and perhaps

part of the price paid for success, that too many local agents take the course of least resistance.

There is no question but that those in the agency system could place themselves on a strict competitive basis with the specialty writers almost overnight if they were so inclined. As a matter of fact, considering their far-flung resources, background, tradition and the fact that they have the public's confidence, they could probably drive most of the specialty writers out of business.

"Should the agent of this country
(CONTINUED ON PAGE 40)

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Okla. OKs Council's Filing; Comp Rates to Be 4.1% Lower

The Oklahoma insurance board has accepted the National Council filing, effective Oct. 1, for workmen's compensation rates averaging 4.1% lower than the present rates, which the board directed should continue until Oct. 1.

These two decisions conclude months of uncertainty and remove the possibility of the board's Feb. 17, 1954, order for a 20.6% rate reduction being put into effect. The Feb. 17 order resulted from Governor Murray's shake-up of the Oklahoma insurance board, which he accused of doing nothing about establishing a proper rate level after it had disapproved a National Council filing as being too high. The 20.6% figure represented the sum of two previous increases granted in 1951 and 1952. The 20.6% cut applied to every class of compensation risk.

National Council appealed from the order. About the same time the com-

panies charging a policy fee appealed from an order prohibiting the making of such charges. The state supreme court heard the fee question first and decided in June that the board could not issue such an order without holding hearings.

The ground on which the decision was based was so similar to what was involved in National Council's appeal that on July 14 the board withdrew its Feb. 17 rate reduction order and called a hearing for Aug. 2 on whether present rates should be continued or disallowed. At the same time National Council made filings to be effective Oct. 1, the usual effective date for new compensation rates. These provided for a 4.1% average reduction.

The board, however, did not confine itself to consideration of the new rate filing but set Aug. 16 for a hearing. This resulted in the board's deciding that the present rates should continue until superseded by a new filing approved by the board. The following day the board announced approval of the filing as submitted, to be effective Oct. 1.

To Appeal Decision on Membership Plan of State Farm in La.

Louisiana Insurance Rating Commission will appeal the decision granting State Farm the right to use a membership fee plan in offering policies at 25% below uniform Louisiana rates. The district court at East Baton Rouge, La., gave the decision which granted State Farm all of its points on whether or not it could deviate, could charge membership fees and use the six month policy without a surcharge.

The commission had denied the membership plan but the denial was overruled by the court decision. Commission Chairman Martin, who is also secretary of state, argued that the company, in effect was asking an increase in rates since the commission had already approved the 25% reduction without the membership fee plan.

With one member not voting, the five other commissioners unanimously agreed to appeal as soon as possible. Abstaining was Joe McMeel, chairman of the commission's casualty and insurance division which approved the membership plan but denied the lower rates. The commission denied this plan when State Farm appealed to it.

Martin contended that the membership fee was nothing more than a disguised premium used to pay agents' commissions and challenged district Judge Herget's opinion that this type of fee was permissible under the law.

"Our insurance code permits a membership fee in addition to the premium, but not in lieu of a premium," Martin asserted. "It's like someone offering to sell a car at 25% below current prices, but to get the bargain the buyer has to pay 20% to join the club."

At the original hearing and in the subsequent court fight, the company argued its membership fee was not a premium, since it was not a recurring payment. It also declared it was able to offer the reduction because agents received a commission on the original sale, but not on renewals, which are handled by the main office.

The commission also indicated it was considering action against the company because "some of its national advertising claims 25% lower rates in Louisiana." Commissioner Martin cited an act of the 1954 legislature on fraudulent advertising.

Tenn. Truck Man Charged with Arson, Agents Sue

After an investigation of nearly two years, spearheaded by Harry S. Avery, special investigator for National Board out of the office of Commissioner Northington of Tennessee, Jesse Wilson of Tennessee Motor Freight Lines of Nashville, has been charged with setting fire to his truck terminal there, removing goods from his warehouse and dynamiting his trucks for the primary purpose of collecting insurance and a secondary reason of damaging local unions which he attempted to implicate in the fires and dynamitings. He has been released on \$60,000 bond.

Roy Sherrod, an employee and relative of Mr. Wilson, is purported to have confessed, implicating his employer, Mrs. Pauline Foster Kelley, office secretary, with the actual firing of the terminal. Mrs. Kelley is also out on bond.

Following these developments, two local agencies, Julian Zander and Bransford & Sharp, instructed their attorneys to sue for recovery of all

claims paid to Mr. Wilson and to cancel all effective policies immediately. These included a Canadian Fire policy for \$10,000, settled for \$8,000; a Great American \$40,000 cargo policy on which about \$2,500 had been paid; a London Lloyds truck and equipment policy for \$27,500, which the insurer had agreed to settle on a basis of \$23,375, of which, according to the report, only \$8,375 had been paid.

Louis Leftwich, attorney for the Zander agency, instructed the agency to cancel a \$15,000 policy on Wilson's home in Donelson. A \$19,000 fire policy on the rebuilt terminal has also been cancelled.

Integrate Departments, Erase Claims Problems

A forward-looking claim executive will undertake to integrate the work of his department with the group, personal A&H, sales and service, agency, medical, underwriting and the actuary departments, Edward J. Bohne, president of International Claim Assn., told the association meeting at Portsmouth, N. H. Mr. Bohne, who is claims department superintendent of Equitable Life of New York, spoke on the responsibility of a claim executive now and in the future.

Mr. Bohne took as an example the group contract that provides for a 14-day waiting period with respect to new born infants as illustrating the necessity to integrate departmental work. If the sales and service representative and the brochures made it clear to both the group and the employees that no claim would be recognized which arose during the first 14 days of life, the claim department would be relieved of considerable future difficulty trying to explain the terms of the coverage. He indicated that if buyers knew about the exclusion and small cost of first day coverage they would probably be willing to pay the added premium.

Another situation is where group hospitalization coverage is installed. Usually the contract provides that it will not include any persons in the hospital at the time of installation, but only hospitalizations occurring subsequently. Failure on the part of the agent and the service representative to make this clear to the group patron and the employees results in problems coming to the claim department which often cause misunderstanding and bad public relations.

In the expanding field of personal A&H, there is also a need for liaison and close integration between the agency and claim department. It is usually agreed that most avoidable problems in A&H claims originate at the time the contract is sold. There is an urgent need that the agent thoroughly explain the policy he is selling. This calls for proper field selection and proper training of field personnel. The claim executive, by bringing to the attention of the agency and sales departments some of the problems with which he is confronted, can be a strong force in having selling and educational programs adopted which will tend to avoid many of the claims problems of the future, he said.

There is also an urgent need for a closer working arrangement with the medical department to help solve the new and complex medical problems connected with group coverages and personal A&H policies. The claim executive must take the responsibility to develop such a relationship.



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N. Y. Probe Musters Convincing Array of Racket Evidence

Current Hearing Obviously Aimed at Withering Any Opposition to Needed Laws

NEW YORK—Regulatory legislation to curb the fantastic abuses disclosed in certain union welfare funds by the New York department hearings being held this week seems likely to make insured plans considerably more popular than they are now as compared with the uninsured variety. Not all insured plans are lily-white but the free-loading possibilities are greater in the uninsured fund. Hence, effective regulation of all funds would remove much of the attractiveness that self-insurance now holds for the gravy-train operators.

It was obvious from the start that the department was out to do a saturation bombing job. It would have taken half a day to prove to anybody's satisfaction that plenty of monkey-business has been going on in the operation of a good many—but by no means all—of the union welfare funds. But the department is faced with the necessity of putting on so much evidence that any possible union opposition to regulatory legislation will be snowed under so thoroughly that even the most pro-union legislator would have to concede that regulation is needed badly.

The vast array of evidence that is being put on by the department's special counsel, Sol Gelb, is also needed to show the wide variety of loopholes that exists at present and that must be plugged if there is to be a stop to the kind of activity that has been unearthed.

Mr. Gelb emphasized that the great majority of union welfare funds are honestly and competently administered.

Superintendent Bohlinger of the New York Department conducted the hearing. Nearly 100 subpoenas were issued.

The first day's hearing brought into clear relief the inadequacy of present safeguards for welfare funds. Various employer trustees and union officials were shown to be delinquent in their actions and in their failures to act.

Jack Kaplan, an employer trustee, admitted that:

1. Although a trustee since its inception, he did not know who drew up trust fund agreement between employers and New York City Local 805, Confectionery, Tobacco Drivers & Warehousemen's Union.

2. He signed and approved the trust fund agreement which provides for an administrator who, once appointed, could not be dismissed. This administrator decides upon his own salary—12% of contributions, which in 1953 were more than \$250,000—and hires and fixes the salary of all employees of the fund.

3. There is no segregation of funds within the general trust fund. The administrator has complete discretion in the investment of these general funds and is not limited to legal trust investments.

4. In addition to investing these funds as he wishes, the administrator has complete control over all accounting procedures for the fund.

As a result of these provisions, the fund invested \$85,000 to purchase land and cottages for a summer resort for union members. The land, consisting mostly of mountainside and swamp, and the cottages had been previously assessed at \$10,500 and were bought by the administrator from a cousin. While supervising the improvements made at the resort, the administrator and his staff spent more than \$2,500 at better-prepared resorts nearby.

The result of this lack of trustee supervision is that for three months there has been no money to pay insur-

ance premiums for member benefits, and these have been met only by bank loans. On the other hand, Mr. Kaplan and the other trustees have enjoyed an \$11,000 life policy bestowed upon them as a courtesy by the fund.

The administrator, Abe Gordon, former vice-president of the union, is unavailable either for comment or subpoena.

Max Geiger, president of New York City Local 804, Teamsters Union, decided in February, 1951, that the flat rate insurance plan just approved by employer and employee trustees for

members of his union was unsatisfactory. He arranged with Joseph Trachtenberg, an insurance agent, to put into effect a retention-rate type of insurance by which the union would be liable for all payments over a fixed amount and would receive, in the event less money was paid out, the difference between the amount actually paid out by the insurance company and the fixed amount decided upon.

In effect, the union was its own insurer and the insurance company retained only a fee for administration.

(CONTINUED ON PAGE 41)

THIS ADVERTISEMENT IS NOT AN OFFER TO SELL THESE SECURITIES. THEY ARE SUBJECT TO THE REGISTRATION AND PROSPECTUS REQUIREMENTS OF THE FEDERAL SECURITIES ACT. INFORMATION ABOUT THE ISSUE, THE SECURITIES AND THE CIRCUMSTANCES OF THE OFFERING IS CONTAINED IN THE PROSPECTUS WHICH MUST BE GIVEN TO THE BUYER.

NEW ISSUE

200,000 Shares

AMERICAN TRANSPORTATION INSURANCE COMPANY

THIS COMPANY IS BEING FORMED TO WRITE MULTIPLE LINES OF INSURANCE FOR ALL NORMAL TYPE RISKS, FOR ALL TYPES OF TRANSPORTATION RISKS AND FOR RISKS USUALLY CONSIDERED "HARD TO PLACE." THERE WILL BE NO ESTABLISHED CLASS PROHIBITED LIST. THE OFFERINGS OF THE COMPANY WILL BE HANDLED WHOLLY BY SELECTED AGENTS AND BROKERS.

Common Stock

Sale price \$15.00 per share,

minimum of five shares per purchaser.

Par value \$10.00, contribution to surplus \$5.00.

Total offering

\$3,000,000.00

divided \$2,000,000.00 capital, \$1,000,000.00 surplus

No remuneration or compensation of any kind for the sale of stock is to be allowed anyone.

Detach and mail

Copies of the Prospectus may be obtained only from:

AMERICAN TRANSPORTATION INSURANCE COMPANY

**P.O. Box 6034,
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Kansas City, Missouri

Without cost or obligation, please send me a copy of your stock offering Prospectus.

Name _____

Firm name (if applies) _____

Address _____

(NU)

BUREAU MEET FEATURE

Faulkner Tells Goals of 3 Joint Health Committee Units

The activities of three subcommittees of the joint committee on health insurance, the group formed last April and comprised of representatives of various interested trade associations, were described at the Bureau of A&H Underwriters' annual meeting by E. J. Faulkner, president of Woodmen Accident & Life, chairman of the new committee.

Designated as task forces, the subcommittees will study and recommend action in particular spheres of interest to the business.

The first, with H. Lewis Rietz, executive vice-president of Great Southern Life of Houston, as chairman, will prepare for the industry a blueprint of how the structure of trade associations may be streamlined so as to be more effective. It also will design an

industry-wide public relations instrumentality, perhaps an institute of A&H insurance, to tell the story of the business to the people. Besides the bureau and H&A Underwriters Conference, there are a large number of trade associations interested in A&H. It is felt there is a clear need for one authoritative spokesman for the A&H business, particularly when legislators, doctors, hospital administrators, and the general public are seeking answers to health care problems.

Regulation and self-regulation of the business is the work area of the second task force, under Chairman B. M. Anderson, vice-president and general counsel of Connecticut General Life. The subcommittee already has held a number of meetings and has been in contact with various insurance departments, National Assn. of Insurance Commissioners, and with some agencies of the federal government. The group is studying questions such as possible existence of gaps in state regulation of insurance, industry aid in helping commissioners discharge their responsibilities, presenting the A&H business in a proper light to federal

(CONTINUED ON PAGE 43)

Atomic Energy Risks Offer Real Problem to Insurance

A complete study of insurance requirements of businesses using atomic energy or radio-active by-products must be made now that industry is taking over the use of this new project, Claude H. Rice, insurance manager of Babcock & Wilcox Co. told the New York I-Day audience in New York City.

Mr. Rice is a director and vice-president of the New York CPCU chapter and director and president of New York chapter of National Insurance Buyers Assn.

As long as projects involving the use of atomic energy or radio active by-products were conducted solely under government sponsorship, the government had the prime responsibility and liability for any accident, he pointed out. Now that industry is stepping into such projects, he expressed the hope that the same safety requirements as the government enforced would be set up.

The hazard of explosion in atomic energy plants is no greater than a steam boiler of comparable capacity. But the hazard with which insurers will have to contend in the future is that of nuclear radiation.

This radiation, invisible and undetectable by the unaided senses, is in two types—the neutrons, beta and alpha particles, which are bits of nuclear matter so small they cannot be seen; and electro magnetic waves of the same general type as light, heat and radio, but of extremely short length, and the gamma and X-rays.

Radio active substances may be inhaled or ingested or deposited in a wound. The lethal characteristics of each type of radiation vary in intensity. Alpha particles are unable to penetrate the unbroken skin, but if they enter the body they may cause extreme damage; beta particles are moderately damaging and will penetrate only about a third of an inch of tissue; gamma rays are highly penetrating but are less damaging; neutrons are highly damaging and can penetrate several feet of tissue; and X-rays are similar to gamma rays but less penetrating.

National Bureau and a joint committee of fire, marine and casualty companies are engaged in studying the hazards and the problem of proper standards of safety, Mr. Rice said. They are mainly concerned with the workmen's compensation and first party property damage fields.

Because the industry will be dealing with a substance which can emit radiations that can cause damage and injury that cannot be detected by the unaided senses and that may persist for a long period of time, the problem of determining the amount of insurance needed for adequate protection staggers the imagination, he said. There is no pattern of experience to follow.

Right now it would seem as though insurance buyers would have to have insurance both for property damage and for third-party liability far beyond anything they are presently holding. They must consider the possibility of contamination of the plant site, and the possibility of decontaminating it. This would lead the buyer to seek large amounts of use and occupancy.

In consideration of the problem of third party liability it must be realized that an installation might spring a leak and eject a plume of radio-active substances into the air and over the country-side. The amount of public liability and property damage liability coverage required could be astronomical.

It is possible the capacity of the insurance business might not only be taxed, but exceeded, he cautioned. As a case in point, Mr. Rice spoke of one competent firm engaged in the field which undertook to purchase a \$100 million public liability policy. Such a policy cannot be bought today for the insurance business does not have sufficient capacity to write such a policy, he said.

The problem of limits is further complicated by the statutory limitations on the maximum amount of insurance an insurer may write on a single risk.

It seems essential that some medium be set up to relieve industry of potential liabilities that conceivably may exceed the resources of the company that is in excess of the amount of insurance insurers feel it is safe for them to write. The most practical solution Mr. Rice could offer for the problem would be something similar to the War Damage Insurance Corp. and the Federal Crop Insurance Corp. The problem of potential hazard appears to be so great that some device of this kind must be developed to encourage companies to proceed with the highly expensive task of developing the peacetime use of atomic energy and its many by-products, he said.

Hatfield Explains Time Savers to Vt. Agents

Reviewing ways in which agents can save time in handling matters concerning the New England Fire Rating Assn., Samuel J. Hatfield, division manager of the association at Burlington, Vt., spoke at the annual meeting of Vermont Assn. of Insurance Agents at Manchester.

He suggested that many inquiries on new rates or rerating could be alleviated if the agents and policy-writing clerks would carefully read both sides of the rating applications. He pointed out that agents writing lightning rod coverage could prevent misunderstanding of the master label number by obtaining a circular from the association which depicts the master label and several others which may be used falsely to obtain the warranty for insurance credit.

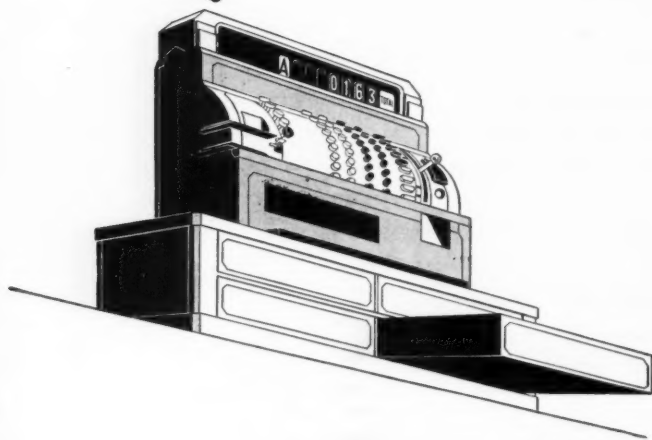
Mr. Hatfield also explained the new broad form additional dwelling form to cover dwelling buildings and contents and the all physical loss form recently adopted.

Continental Casualty Names Bryden Liability Manager

John R. Bryden has been promoted to manager of the liability department of Continental Casualty, and will be responsible for underwriting all automobile and general liability lines, excluding retrospective.

Mr. Bryden joined Continental in 1949 as a trainee for a special agent. In 1951, he was transferred to the Chicago branch office, traveling the Illinois territory. He was advanced to underwriter in the burglary and inland marine divisions of the home office in 1952 and a year later was transferred to the liability department as an underwriter. In 1953, Mr. Bryden was advanced to supervising underwriter in the automobile division of the liability department.

When Merchants are your clients...



... you can serve them better with the multiple line facilities of the National... whether it be Business Interruption Insurance, Comprehensive Liability or a Fidelity Bond.

NATIONAL OF HARTFORD GROUP

Fire • Marine • Casualty

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD
MECHANICS AND TRADERS INSURANCE COMPANY
FRANKLIN NATIONAL INSURANCE COMPANY OF NEW YORK
TRANSCONTINENTAL INSURANCE COMPANY
UNITED NATIONAL INDEMNITY COMPANY

Executive and Administrative Offices: Hartford 15, Connecticut



Western Department, Chicago
Pacific Department, San Francisco
Canadian Department, Toronto
Metropolitan Department, New York

Don't Let Competition Distract Agency From Fundamentals, Neville Warns



John F. Neville

Admitting the seriousness of the competitive problem as posed by automobile insurance and the entry of a direct writer into the fire dwelling field, John F. Neville, executive secretary and general counsel of National Assn. of Insurance Agents, told the Pennsylvania agents at their annual convention in Philadelphia that they should not get careless about the fundamentals of the business—their legal obligations to the companies and insured. He cited several cases where this had occurred and the agent was in real trouble.

When agents have more than enough to think about competitively, they cannot afford the luxury of straightening out difficulties in their business which should never have been allowed to happen, he declared. Any pitfalls in their relationship with their companies and insured should be avoided so that embarrassing and expensive law suits will not cause criticism of the way their business is handled. The agent should guard against the type of mistake which brings unnecessary criticism on the agency system.

Good agents and good companies have a tendency, and it should be continued, to handle affairs on an informal basis. This is not to say that the insurance business, especially in its relations to insured, is informal. It is not, and it should not be. However, many agents and their companies do operate on a first name basis and while this is pleasant and desirable from a long range viewpoint, it has a tendency to make the agent somewhat careless in the execution of his business by allowing him to believe that almost anything which happens in the course of the agency can be overcome on the same informal basis.

Mr. Neville warned agents that they should know just what their obligations are to their principals, the companies, and to their clients, the insured. They should know what duties their companies owe them and just how far they can press their independence without leaving themselves wide open for a law suit. Companies have granted agents wide powers and the companies in turn have an absolute right to know that the agency is going to react properly to their instructions.

The agent, like other business men, is required by the law of agency to adhere to certain standards of conduct in managing his business. That law sets forth his duties to his companies, with which he has contracted to perform certain functions. Likewise the law requires the agent to handle his business with his client in an efficient, precise manner. Because the agent has a unique position in a unique business, he is held to a higher standard of conduct, good faith and consideration of his customers than is ordinarily found in the marketplace.

In discussing the responsibility of agent to insured, the federal court in Coffey vs. Polimeni, 188F. (2d) 539, on page 543 stated:

"Implicit in the cases is a recogni-

tion that these transactions are fundamentally unlike commercial or business transactions where mere profit is the stake, so prone is the failure of insurance protection to result in irretrievable disaster to the individual. Those engaged in the insurance business understand perfectly the peculiar urgency of the need for prompt attention in these matters."

An agent must be even more alert

to the possible legal implications of his position because he is peculiarly susceptible to legal difficulties in his dealings with his clients. As many of his important transactions are oral, and generally without witnesses, a considerable exposure to possible liability results from this fact alone.

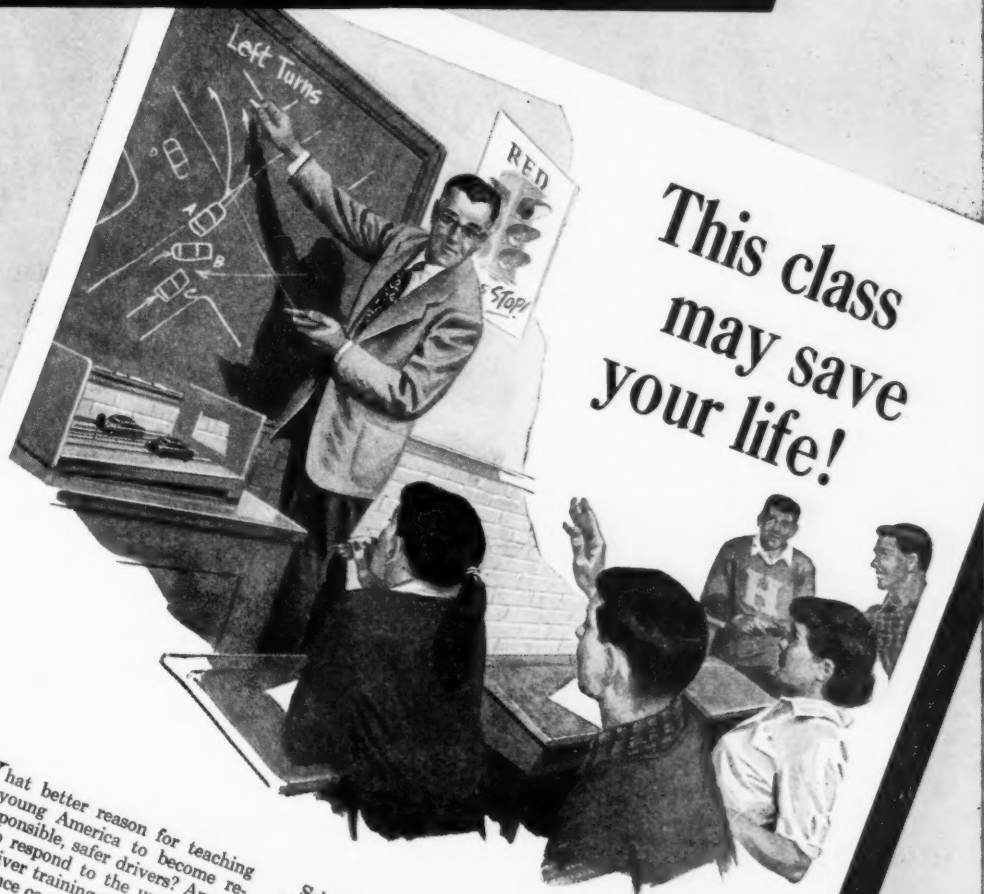
The agent also is faced with a possibility of sustaining the ill will imposed by an irate customer who may have thought he was covered but after loss found that he was not. Even if the agent has a complete and logical explanation for the difficulty, he has lost

something in his relation with that client which can probably never be regained.

It is not humanly possible to insulate from the vagaries of fortune in dealing with the public, Mr. Neville pointed out. Even using the corporate form of doing business with its limited liability or the purchase of errors and omissions insurance will not after such an experience make the agent the man he was—certainly not in the eyes of his clients, companies or competitors.

While protection against potential (CONTINUED ON PAGE 20)

Another America Fore public relations advertisement now appearing in leading magazines throughout the nation. . . . These ads inform the public of the many valuable and vital services rendered by the insurance industry and the local agent.



This class may save your life!

What better reason for teaching young America to become responsible, safer drivers? Among the first to respond to the urgent need for early driver training were the stock insurance companies.

Through the joint efforts of these companies and leading safety organizations, courses have been developed and textbooks prepared for high school curricula. Ten thousand teachers have already

Schools and teachers everywhere are being encouraged to use more than 8,250 high school driver training instruction.

Driver training, and accident prevention of the many public insurance companies security to you and

Have you told your clients about the new premium payment plan now available to America Fore Agents?

Your insureds can budget premiums on a monthly, quarterly, semi-annual or annual basis. Ask the America Fore fieldman.

For Peace of Mind insure with

America Fore
INSURANCE GROUP

* The Continental Insurance Company
* Niagara Fire Insurance Company
* The Fidelity and Casualty Company of New York

* Fidelity-Phenix Fire Insurance Company
* American Eagle Fire Insurance Company

Helping you to get *more business*

Even small business is *big* business — and it's a great market for insurance. This new Home ad opens the door for you.

Latest figures show that less than ten per cent of business owners now carry Earnings Insurance or Business Interruption Insurance.

That means that right in your territory there exists an untapped market — and an opportunity for you to get more business from present policyholders and prospects. These coverages are easy to write — and you can count on experienced Home fieldmen and engineers for technical assistance.

☆ THE HOME ☆ *Insurance Company*

Home Office: 59 Maiden Lane, New York 8, N. Y.

FIRE • AUTOMOBILE • MARINE

The Home Indemnity Company, an affiliate, writes
Casualty Insurance, Fidelity and Surety Bonds

Be prepared to get the most out of Fire Prevention Week, October 3-9. It's an ideal time for insurance producers to get more business in addition to sparking community interest in fire prevention activities. Ask your fieldman to supply you with these free leaflets, posters, newspaper mats, sample speeches and other sales aids.





YOU'LL HAVE A BETTER BUSINESS WHEN YOUR TROUBLES ARE TAGGED!

Most modern businessmen realize the importance of complete insurance protection. You rely upon your insurance agent for expert advice and professional services in getting this protection. That's wise.

But now think of this—

that same man, your Home Insurance agent, can also help you to eliminate trouble spots. He has over a hundred years of Home Insurance experience behind him. He *knows* what causes fire and other hazards—and how to stop them.

Call on him. He'll be glad to arrange an expert, friendly inspection of your property. If there are any danger spots you'll *know about them*, and can have them fixed.

Then, like thousands of other businessmen who have done this, you'll have a better, safer business.



You can insure income, too.

Ask your Home agent about the new *Earnings Insurance*, which provides that your income will continue if your business is closed as a result of fire, windstorm or any other peril covered by insurance.

★ Your HOMEtown Agent can serve you well—see him now!



The Home, through its agents and brokers, is America's leading insurance protector of American homes and the homes of American industry.

This ad will appear in full color,
full page size in these publications:

SATURDAY EVENING POST October 2 • BUSINESS WEEK October 2
TIME October 4 • U. S. NEWS & WORLD REPORT October 15

Language in Policy Should be Explained to Insured, Dr. Scoins Tells Claim Assn.

Many of the problems of the claims man would be eliminated, Dr. W. H. Scoins told the annual meeting of International Claim Assn., if, when the policy is placed, or before it is placed, the policyholder understood the meaning and limitations of his policy.

In talking to agents, the chief medical director of Lincoln National Life said in his address at Portsmouth, N. H., the question is often asked: How many applicants are told that they are entering into a contract with the company, not buying something as they do an automobile, and just what their contractual obligations are other than the paying of premiums?

As important as this is in life insurance, Dr. Scoins said, it is much more important in A & H. In this field not only should the policyholder know the obligations on his part but he should know what he has—or perhaps what he does not have, he said. Agents would enhance their incomes, improve relations and lessen the load of the claims man if they took more time to explain to their policyholders what the particular A & H contract they are buying is designated to do.

In this respect the medical director can and should play a very important part in the training of claims people and thus directly expedite the handling of claims and indirectly influence public relations, he declared. The claims man, medical departments feel, for too long has been allowed to develop on the long, hard road of experience coupled, of course, by his own interest in reading available literature and by

the interest of more experienced claims people with whom he consults.

In public relations the vital role of the agent is equaled by that of the claims investigator who goes out into the field, representing his company to the claimant, the hospital librarian and the attending physician. Whatever has gone before in the initial evaluation of the risk, Dr. Scoins said, is forgotten. When he goes out the chips are down. What he learns, says and does determine in the final analysis how the medical department of his company stands with the public, the medical profession and its allied institutions.

The responsibility of claims representatives should not and cannot be minimized, Dr. Scoins said. Although many of the problems are easily solved, it must be recognized that he should have not only the responsibility, but the authority to step in, conduct a proper investigation and take proper action. Although all well-managed companies usually instruct those responsible for claims appraisal to resolve any reasonable element of doubt in favor of the policyholder, the fact still remains, he said, that the claims man is believed by those with whom he is dealing to have entered the picture to extract "x" number of dollars justly due them.

With the increasing complexity of coverage doctors in insurance companies must be alert to the fact that while many of their problems have a much lesser, immediate monetary value, their relationships with policyholders and members of the medical pro-

fession will not only be more frequent but more intimate.

Dr. Scoins, earlier in his talk, remarked that "perhaps we should admit that our industry, by the structure of our policies, has encouraged uneconomical medical practice. Although we know that many surgical procedures and diagnostic studies are conducted in the hospital that could and should be done either in the out-patient department of the hospital or in the physician's office, we must recognize that acquiescence for hospitalization was prompted only by the demand of our policies."

Active participation by the medical director in his profession, Dr. Scoins said, "perpetuates the common bond of understanding between physicians which will do much to bridge the gap, break the wall between the profession and insurance medicine which, by the way, has been partly built up by our own indifference."

It is the belief of insurance company physicians, he said, that doctors in private practice do not understand the former's approach or viewpoint largely because no one, or too few company doctors, have attempted to make clear what their interests are and how the mutual interests of the company and private doctor can be conjoined.

In discussing how the medical department can assist the claims man, Dr. Scoins suggested development of a soundly organized and well administered medical department, geared to the present, not riding on the reputation of the past, a department which can function as a vital member of the team which conceives, sells and administers insurance contracts.

It can further assist the claims man by proper medical selection of risks in

(CONTINUED ON PAGE 26)

Says A & H Business Hasn't Advertised Accomplishments

The A & H business overall has done an excellent job in serving the public but has not obtained credit for its accomplishments, declared A. H. Thiemann, 2nd vice-president of New York Life, at the annual meeting of Bureau of A & H Underwriters at Colorado Springs. Because the business has not been building good will, he said, it now does not have enough set aside to draw upon.

There does not seem to be an all-out public relations communications effort on the part of the A & H business as a whole, according to Mr. Thiemann. "We have usually talked about ourselves to ourselves. We forget there are more persons concerned with A & H than those within the business."

The overall impression made by A & H advertising is unfortunate, the speaker continued. "Much of it is blatant and reminiscent of the carnival barker. It gives the impression the advertiser is interested only in making an immediate sale. Through advertising we put ourselves as companies before the public as a whole, and it is important that we recognize all of the implications of the impressions we make."

In order to win public good will, Mr. Thiemann said, the business needs not less but more advertising, but of a type which, while promoting the sale of A & H, also builds up a favorable public attitude.

In short, he said, the A & H public relations program of communication presently is largely either confined "to talking to ourselves or to putting our worst foot forward to the general public."

The assumption that public relations is concerned only with communication also leads to another common error, Mr. Thiemann said. Public relations cannot be delegated to a department or outside organization with the assumption that the responsibilities are met. Management must regard its every act from a view point of public relations or it makes a mistake which no amount of press agency can obscure.

According to Mr. Thiemann, when management adopts a new procedure or contemplates a new policy, besides asking itself what the effect will be on its sales and expense figures, it also should ask what the result will be in the long run on the attitude of the public toward the company and the business.

Houston Surety Assn. Meets

Mayor Roy Hofheins spoke on the necessity for cooperation between the surety industry and municipalities at the fall meeting of Surety Assn. of Houston. President W. S. Price presided.

Mayor Hofheins outlined plans for development of the city, describing the ways in which the surety companies' help would be required.

Dallas Agents Sponsor Courses

Dallas Assn. of Insurance Agents will sponsor fire and automobile courses at Dallas college of Southern Methodist university Mondays beginning Sept. 20. Jim Wilkins and Allen J. Terrill are conducting classes.

Harry P. Stuth, Jr., a partner with his father in the Harry Stuth agency of Corpus Christi, Tex., and a director of the Texas Assn. of Insurance Agents, was married recently to Miss Joyce McCarty, Wade.



EAST OR WEST...

*The Insurance Agent
is a Good Man
to Know!...*





Ohio Farmers Companies

OHIO FARMERS INSURANCE COMPANY • Chartered 1848
OHIO FARMERS INDEMNITY COMPANY

Le Roy, Ohio

EASTERN DEPARTMENT, Philadelphia • • • PACIFIC COAST DEPARTMENT, Los Angeles

CLAIMS ASSN. HEARS NEW YORK LAWYER ON SUICIDE DEFENSE

Summary Judgments Can Speed Settlements Under N. Y. Law, if Proof Cannot be Impugned

It is often possible to avoid a long drawn out trial in a claims case by moving for a summary judgment, which dismisses a case upon the merits upon affidavits and exhibits alone, in any type of action where the defense is predicated upon official record or documentary proof, the verity of which cannot be impugned. This procedure is available in New York to both plaintiffs and defendants, Edward T. Welch, New York City lawyer, said in his talk on suicide as a defense to life insurance, double indemnity and accident coverage, before the International Claims Assn. at Portsmouth, N. H.

Such judgments are frequently available in double indemnity or accident insurance, he said. But there must be no triable issue of fact present; if there is, the case must await trial.

Also, there are many procedural advantages which are available to a party litigant where the litigation is pending in the federal court. The procedures by way of discovery and inspection which are available under the federal rules of civil procedure have been a source of great value in defending cases which might otherwise have been hopeless from the standpoint of the insurer.

In New York the conventional double indemnity clause or any other contract providing for additional benefits in the event of death by accident or accidental means may have any restrictions the insurer wishes, so long as they are understandable and formal clearance has been obtained from the superintendent of insurance. Some contracts make no exceptions, others except liability under the double indemnity clause in the event the death results from suicide, sane or insane, or from any number of other specified exceptions.

The burden of proof to show insured met death through accident within the provisions of the contract is upon the beneficiary. In such a situation the plaintiff-claimant is aided by the presumption against suicide and frequently this permits the plaintiff to make out a *prima facie* case. If the insurer then comes forward with evidence and demolishes the presumption, the eventual burden of proving the death was accidental rests on the plaintiff. If the plaintiff fails to provide sufficient evidence to sustain the burden imposed upon him at all times throughout the trial of establishing, by a fair preponderance of the credible evidence, the death of insured by accidental means and not by suicide, the plaintiff must be non-suited.

If the insurer introduces no proof and it appears that the facts and circumstances are so consistent with death by accidental means as they are with death by suicide and a death by accidental means is found, it will not be disturbed.

In the case of *Strasberg vs Equitable Society Mr. Walsh* pointed out, counsel for the company moved for summary judgment dismissing the claims predicated on the double indemnity contracts on the ground that insured had met death as a result of the ingestion of a drug, sleeping tablets.

The double indemnity provisions of

the policies involved stated that payment of the double indemnity was subject to "receipt of due proof as herein required that" the death of insured was accidental and that such death was "not the result of or caused by . . . any drug . . . voluntarily or in-

voluntarily, accidentally or otherwise taken . . ."

The plaintiff had alleged that insured died from accidentally taking an overdose of sleeping tablets.

The court held that the motion for summary judgment was based on the documentary evidence, including the original verified complaint, the amended complaints, the plaintiff's proofs of claim and the death certificate showing that the cause of death was the ingestion of barbiturate compound, and should be granted.

This meant that the claims made

upon the double indemnity clause were finally dismissed and there was no cause for the company to go through the expense and uncertainty of an expense of an extended trial.

The opportunity to utilize a motion for summary judgment is a matter that counsel for the companies will always welcome, Mr. Welch said. The legal requirements are that the defense be predicated upon official record or documentary proof the verity of which cannot be impugned. Claim men are always alert to find this kind

(CONTINUED ON PAGE 34)

Sure way
to strike
oil!



Stretching across the Middle East, petroleum pipelines carry oil hundreds of miles to the sea.

Though patrolled by low-flying planes, they are easy prey for vandals ranging the open desert.

One time, a single shot from some tribesman's rifle spilled thousands of barrels of oil. There were other costly losses, too, before the outbreak of vandalism ceased.

But these risks had been covered by American International Underwriters. Agents for AIU adjusted the claims as fast as they were filed.

AIU representatives are located almost everywhere on earth. They deliver on-the-spot American service that is particularly important to American businessmen with investments abroad.

What is more, AIU policies are written in easily understood American terms. And claims are paid in the same currency as premiums—in U. S. dollars if local law allows.

All this helps agents and brokers to sell overseas protection. The only kind of information needed is the same as on domestic risks.

The opportunity for insuring foreign risks is at an all-time high. *Private American* investments abroad have

passed the 16-billion-dollar mark — 4 billions in the last three years alone! This huge business originates all over our country—some of it possibly with your present clients.

Remember, you don't have to be an expert to handle foreign risks. Take them to AIU—and AIU is your expert. For full information and literature, write to Dept. N of the AIU office nearest you. Or call in person.



American
International
Underwriters

New York 5, N. Y.	102 Maiden Lane
Boston 9, Mass.	148 State Street
Washington 6, D. C.	312 Barr Building
Atlanta 3, Ga.	307 Candler Building
Detroit 26, Mich.	Free Press Building
Chicago 4, Illinois	208 So. La Salle Street
New Orleans 12, La.	831 Whitney Bank Building
Dallas 1, Texas	801 Corrigan Tower
Houston 2, Texas	1619 Melrose Building
San Francisco 4, Calif.	206 Sansome Street
Los Angeles 17, Calif.	612 So. Flower Street
Seattle 1, Wash.	811-814 White Building

FORGING A STRONG LOCAL INSURANCE SERVICE

What About Your Civic Activities?

A cardinal principle of selling is constantly to meet and talk with people who are potential buyers of one's product or service. An insurance agent needs to expose himself frequently to as many people in his market area as possible. This market area generally embraces the business community of your town or city and its adjacent residential section—the scene in which you live and work.

An ideal opportunity for public notice lies in the sphere of Civic Activities. Interest in community projects and participation in civic affairs will cause you to become known widely and favorably. Some of the more prominent activities in which you can be effective are: the Community Chest, School Board, Parent-Teachers Association, Public Safety and Welfare Council, Town Planning and Building Board, and the Fire Department. Business service clubs are also fertile fields for broadening your acquaintance.

In addition to assisting you to identify yourself and your business in your community, these activities enable you to gain first hand knowledge of local conditions, which is an invaluable asset to your standing as a local insurance advisor.

The Commercial Union - Ocean Group affirms that expert insurance knowledge plus thorough knowledge of local conditions logically qualify an agent to render prompt, personal and most efficient insurance service in his community.

Commercial Union Assurance Company Ltd.
The Ocean Accident & Guarantee Corp., Ltd. American Central Insurance Company
The Commercial Union Fire Insurance Co. The British General Insurance Co. Ltd.
Columbia Casualty Company The Palatine Insurance Co. Ltd.
The California Insurance Co. Union Assurance Society Ltd.



COMMERCIAL UNION - OCEAN GROUP

One Park Avenue, New York, N.Y.
Atlanta Chicago San Francisco

Indiana U. Will Offer Courses at 3 Centers

Evening extension courses in insurance will again be offered this year at Indiana University centers in Fort Wayne, Indianapolis and South Bend. They are under the general direction of Prof. J. Edward Hedges, head of the insurance department of the university at Bloomington, and are offered in cooperation with Indiana Assn. of Insurance Agents.

Insurance principles will be given at Fort Wayne Wednesdays at 8 p.m., starting Sept. 22, with George Hacker as instructor. Part 2 of CPCU will be given there Wednesdays at 5 p.m., starting on the same day, with Dale Green as instructor.

At South Bend, casualty insurance will be offered Mondays at 5 p.m., with Charles Levinson as instructor. Classes will meet in Central High School.

The largest number of courses will be given at Indianapolis, with casualty insurance being offered in two sections, at 5 p.m. and 7 p.m. Mondays starting Sept. 20 and fire and marine insurance Thursdays at 5 p.m., starting Sept. 23. Parts 1, 2 and 3 of CPCU will be given Mondays, starting Sept. 20.

Gas Group Hears Grimaldi

Accidents are costing the gas utility industry \$5 million a year, John V. Grimaldi, assistant manager of the accident prevention department of Assn. of Casualty & Surety Cos., declared at the American Gas Assn. conference at Hartford. He agreed that the industry has made progress in improving its accident frequency rate and in lowering the severity of its accidents. But, he pointed out, the business is 11th from the bottom of a list of 40 major industries in the 1953 compilation of accident rates. With greater improvements in accident prevention and education, additional millions could be made available for further production and expansion, he said.

Nat'l Underwriters Names Herrin

Harland S. Herrin, for six years a National Underwriters branch manager, has been named aviation department manager. He is the immediate past president of the National Aviation Trades Assn. and has been a fixed base operator for many years.

Kalamazoo Agency Burglarized

The Dow R. Haan agency in Kalamazoo, Mich., was burglarized recently. Some \$105 was taken from a filing cabinet in the agency office.

'Participate' Seymour Urges Mont. Agents

Urging full participation in activities of national and local agents associations, E. J. Seymour, president of National Assn. of Insurance Agents, told Montana agents meeting at Bozeman that only by active, enthusiastic and wholehearted support of the associations can agents buy themselves full coverage on their continued participation in the American Agency System.

He reviewed some of the activities carried on by the national association and commented on the work done by the various committees, the educational material provided by NAIA, the Washington office and other benefits provided through the state and national groups.

The leading object of NAIA and the state and local associations to oppose bad practices and support right principles is bearing dividends in increased prestige for the agent. He lauded the work of the various levels of the association and stressed that agents must continue their coordinated activities in upholding the public interest.

Homeowners Scorecard

The scorecard of approval of homeowners policies recommended by Multiple Peril Insurance Rating Org., shows that the policies are now in effect in 26 states. They are Alabama, California, Colorado, Connecticut, Delaware, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Maine, Maryland, Minnesota, Nebraska, New Mexico, New York, North Dakota, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Vermont, West Virginia, and Wyoming.

F. & D. Transfers Wayman

Louis C. Wayman, special agent in the Richmond office of Fidelity & Deposit and American Bonding, has been transferred to the Hartford branch. He has been at Richmond since 1949.

Two Address Firemen

Commissioner Northington spoke on the work of the state fire marshal at a recent meeting of Tennessee Firemen's Assn. at Murfreesboro. John S. Lee, manager of Tennessee Inspection Bureau, discussed how the rating bureau looks at firemen's training.

Wolverine Buys More Space

Wolverine of Battle Creek has acquired several business buildings in that city and will use a portion of the new space for its local claim office, now located in the Wolverine Tower. The new property adjoins the company's printing department, and will make available storage space as well.

Wenatchee, Wash., Agents Elect

Howard Strating has been elected president of the Wenatchee (Wash.) Assn. of Insurance Agents, succeeding J. O. Nicholson. Carl Case is the new vice-president and Clair Warren has been re-elected secretary-treasurer.

Make Fire Fighting Pact in Mich.

PONTIAC, MICH.—Pontiac and four neighboring cities have entered into an agreement to provide each other with fire fighting assistance when needed. The other communities are Royal Oak, Ferndale, Birmingham and Hazel Park.

Joins Ins. Co. of Oregon

Ins. Co. of Oregon has appointed James E. Stafford chief accountant. Mr. Stafford for eight years has been a partner in the accounting firm of William B. Usrey Co., Waco, Tex.

Howard L. Kleinoeder, American International Marine manager at Seattle, has been transferred to San Francisco as head of the ocean marine department.

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Discusses Difficult Problems in Field of Professional Liability; Rates Zoom

A recent news letter of American College of Radiology discusses the serious problem of professional liability insurance. The introduction to the article points out that National Bureau has just increased its rates in this field, St. Paul Mercury Indemnity discontinued the college group plan last year, and London Lloyds announced new rates in March with some increases as high as 600%.

The news letter editor asked an insurance authority with many years of experience in the field to discuss the subject. That discussion points out, among other things:

Hospital liability and physician's professional liability insurance has never been regarded as desirable business by insurers. It has been written only as an accommodation to agents in order to supply a limited demand. There never was a sufficient volume business available for the companies to give it more than passing attention.

Until the second world war, except in cases of flagrant violations of good practice, there were few suits for malpractice filed and consequently very little publicity. X-ray, being a comparatively new modality in medical practice, received considerable undue publicity and was severely penalized rate wise by insurers.

Records of 20 years in the X-ray field dispel the myth that good radiology has been any more hazardous than any other medical specialty. There have been few cases of admitted liability. Admitted liability claims can be quickly evaluated and settled without publicity. The nuisance claim is the one which runs into expense. It usually remains unsettled for years and requires regular attention. The plaintiff's attorney has most often taken the case on a contingent basis; he hopes to wear the company down with an ultimate settlement in mind for less than the cost of courtroom defense. In the meantime the companies must maintain large reserves for each case and to this must be added legal expenses.

The first group malpractice insurance plan for radiologists went into effect in 1935 for members of American Roentgen Ray Society. Later it was made available to all qualified radiologists. This program was instrumental in bringing order out of a variety of rates which were being charged by various companies depending on their individual experience. Through the past 20 years the initiation of this program has saved radiologists millions of dollars in premiums. It has also resulted in a much better understanding of the professional liability problem by both radiologists

and insurers.

There are many reasons why the entire medical profession today finds itself in the same position that radiology was in 20 years ago. Here are some of the recent causes that have made hospital and physicians' liability insurance even more undesirable from the underwriters' standpoint: increased demand for medical and hospital liability, specialization, excessive fees, increased public claim consciousness, bad hospital public relations, hospitalization insurance, dollar madness, court interpretations broadening liability in this field, increased cost of legal work and investi-

gation.

The most potent factor, however, is the ever spiraling inflation and dollar devaluation—to which there seems to be no end—and which has resulted in fantastic judgments being rendered by juries in personal injury and malpractice suits.

It is difficult to see how inflation patterns can change or why companies

would care to assume any liability which could not be settled within six to 12 months.

In 1945, London Lloyds, as the result of some very heavy losses, principally in the highly industrialized areas of America and on the West Coast, revised their entire scale of rates for physicians' professional liability coverage in the U.S. They cancelled all group contracts and limited writing to terms of not more than one year. Rates were practically tripled in 40 of the 48 states. It is believed

that Lloyds—who are experienced in world-wide past-war inflations—anticipated the inflation which has taken place in this country since V-J Day. If there is any foundation to this opinion, then the recent action of Lloyds, effective March 1, would indicate either they expect further inflation or this is their way of bowing out of the malpractice insurance market.

London Lloyds rates for professional liability insurance effective March 1, 1954, are as follows for Florida,

(CONTINUED ON PAGE 24)

An Advertisement similar to this appeared in The SATURDAY EVENING POST

Meet the Great American man

in your community!

WISDOM
from the past...
STRENGTH
for the future

Great American
GROUP OF INSURANCE COMPANIES

Here is a man you ought to know—one of the 17,000 agents of the Great American Group whose expert service is yours for the asking.

Standard
★ Stock ★
COMPANY PROTECTION

Great American

GROUP OF INSURANCE COMPANIES

Great American • Great American Indemnity • American National
Detroit Fire & Marine • Massachusetts Fire & Marine • Rochester American

WORLD-WIDE INSURANCE FACILITIES

Fidelity Bonds Are Year's Biggest Bargain

Fidelity bonds must be sold, yet their protection is so enormous that half the selling job is done by virtue of the

bond's obvious safeguards against financial loss caused by employee dishonesty, David Porter, educational director of Surety Assn. of America, said at New York I-Day in New York City. And the selling can be made even

more easy when it is pointed out that fidelity and surety bonds are one of the true bargains available today, he said.

For the past two decades fidelity and surety bond prices have moved in a directly opposite trend to the climbing costs of commodities. For instance, in 1936, a better than average home could be bought for \$9,000, and the broadest type of financial institution bond that gave maximum protection to a commercial bank, the bankers blanket bond, had an annual premium of \$9,000. That house now costs about \$35,000. Because of successive rate reductions, including a three-year premium based on 2½ times the annual premium, the bankers blanket bond now averages an annual cost to the bank of \$3,400, about 62% less than in 1936.

There have been technological and design advances in home construction, he acknowledged, but there has also been a series of technological and design changes in the bankers blanket bond, resulting in broadened coverage and greater protection for the bank.

Generally, fidelity bond rates have declined about 60% since 1936, with varying reductions for various fidelity bond classifications. Contract bond rates have gone down more than 30% since 1936. Other surety bond rates have decreased in substantial measure.

This is the biggest bargain of 1954, he pointed out. To the banker, the employer, the contractor, the engineer, the fiduciary, the licensee or any other person who requires or wants a bond, the sheer economics of bond prices presents a forceful persuasion for making use of the bargain. The fidelity and surety premium is two to three times as big in purchasing power compared to the dollar in the open market.

People are cost conscious today, but perhaps not altogether protection-conscious. If they were equally conscious of both, agents and brokers would not have to work very hard. It is most clear that one has to sell bond protection. It is also true that all forms of bonds are not required very constantly. Fidelity bonds are, but surety bonds are not. A construction contract performance bond is needed before the contract is awarded, an executor's or administrator's bond is required when a man dies and his estate is to be administered; an appeal bond or release of attachment bond is urgently needed in a court action; a public official bond is needed when a state treasurer or other elected or appointed officer takes the oath of office, and the bond is a prerequisite to qualify for office. These bonds, in a sense, are bought. But the producer must still work to be the one from whom they are purchased.

Fidelity bonds, on the other hand, are sold. But in the final analysis, it is the agent or broker who can really do the job of selling the client on the necessity of the protection. It is his business to be certain there is no loophole in a client's insurance program because of the absence of adequate fidelity protection.

Kidde Official on AMA Panel

Robert L. Dickson, vice-president of Walter Kidde & Co., fire protection equipment manufacturers, will be chairman of a panel which will discuss the kind of information to give security analysts and a stockholder relations program for the small company at the annual finance conference sponsored Nov. 3-5 by American Management Assn. in New York City.

Fireman's Fund Sells Building to Continental

Fireman's Fund Ins. Co. has sold the Insurance Exchange building at 433 California street, San Francisco, to Continental Casualty in anticipation of construction of a new Fireman's Fund building on land purchased at California and Presidio there.

Until the new building is completed, in 1956, Fireman's will continue to occupy space in the Exchange, and the company's building at 401 California will be retained as a downtown office.

Continental will use the new property to facilitate an expansion of operations in California. The quarters vacated when Fireman's Fund moves will be rented.

Dietel Joins St. Paul, R. C. Morrall Promoted

Elwin Dietel, ocean marine underwriter at Seattle for Fireman's Fund, has joined St. Paul at Seattle to replace R. C. Morrall as marine state agent. Mr. Morrall, who has been promoted to a position in the marine department in San Francisco, has been with St. Paul since 1941, having started at San Francisco. He moved to Seattle in 1950.

Mr. Dietel has spent eight years at Seattle with Fireman's Fund, having four years experience in both the inland marine and ocean marine departments.

American Auto Names Hecht at Pittsburgh

American-Associated has appointed Herbert T. Hecht fire and marine manager at Pittsburgh.

Mr. Hecht has been state agent of Fireman's Fund since 1950, prior to which he was a field engineer for Marsh & McLennan in Pennsylvania. He is a past president and a director of the American Fire Prevention Society at Philadelphia.

Adjusters' Roster Out

National Assn. of Independent Insurance Adjusters has sent to its members the 1954-'55 membership roster which contains also the list of officers and standing committees, the constitution, code of ethics and statement of principles of conference committee of American Bar Assn. of adjusters.

Phila. CPCUs Meet

Philadelphia CPCU society held its annual meeting this week at which seven new designees were welcomed into the chapter.

Johnson & Higgins Names Purnell

Richard I. Purnell, vice-president of Johnson & Higgins, has been named manager of the Pittsburgh office.

Harold L. Greiner, formerly special agent for U. S. F. & G. at Helena, Mont., has joined the F. B. Winger agency at Butte and the name has been changed to the Winger-Greiner agency.

TENANTS WANTED CHICAGO AREA

Will build to suit for prestige tenant, a modern, air-conditioned building with 5,000 sq. ft. minimum. Location—Elmhurst, Ill., west of Chicago. Ample parking facilities—excellent transportation. Ideal for branch or field offices.

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BOSTON INSURANCE COMPANY



EIGHTY SEVEN KILBY STREET • BOSTON • MASSACHUSETTS



Junior plays his trombone,

Dad a-golfing goes;

Sister has a new fur coat,

While Mother's jewelry grows.

Add them all together and the result is a family that needs a *Personal Articles Floater*. Just an average family with average tastes, yet each has pride in his particular property, the replacement of which might be difficult if not impossible. Our new *Personal Articles Floater* has been designed for just such a family, for it can be tailored to the specific requirements of each risk. You are creating satisfied customers for your agency when you tell your assured about this modern package policy.

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FOR MORE THAN A QUARTER CENTURY

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S. C. Agent Loses Appeal; Insured Prohibited Risk

In Dubuque Fire & Marine vs. Wilson the U. S. court of appeals at Columbia, S. C. held for the insurer in an action for damages because of the unauthorized issuance of insurance by an agency. (8 CCH fire & casualty, 432.)

Dubuque sued the Carl A. Wilson agency, contending that contrary to its instructions the agency improperly issued a fire insurance policy and committed it to a fire risk whereby it suffered a \$4,525 loss, made up of \$3,151 of insurance plus interest and \$1,374 for legal expenses and fees in prosecuting an action upon the policy.

The Wilson agency is operated by Jack Wilson, Florence D. Wilson and Dorothy A. Skinner in Richland county, S. C. They placed business through the William R. Timmons general agency at Greenville.

About Jan. 24, 1947, Kitty Hawk, Inc., owner of a restaurant which was about to open at the Lexington airport near Columbia, S. C., applied through the Wilson agency for fire insurance on the contents of the restaurant in the sum of \$25,000. The agency agreed orally to cover the risk, but two days later, before the agency had bound any company which it represented, the restaurant was destroyed by fire.

Prior to Jan. 24 the agency had been notified that Dubuque would not insure such a risk under any circumstances. Nevertheless the agency accepted the risk and on Feb. 15 followed up its agreement to insure the risk by issuing a policy in Dubuque and other companies on the contents which had already been destroyed. The agency collected a premium from insured and entered the policy in its account with the Timmons agency and paid the Timmons agency the premium.

The Timmons agency received the premium and neglected or refused to return it to the Wilson agency or to the owner of the restaurant and failed to advise the company that the premium had been received.

To resolve the matter, the company sued to cancel the policy. The owners of the restaurant counterclaimed for the face of the policy with interest and recovered judgment for \$3,151. This was affirmed by the South Carolina supreme court. That court's opinion indicated that the Wilson agency did not designate any of its 10 insurers to be bound by the risk prior to the fire but on Jan. 27, after the fire, it wrote to each of the 10 and suggested that the agency should issue a policy in the sum of \$2,500 on behalf of each. Eight of the insurers consented to this agreement, but Dubuque and another refused. A complainant's suit by the 10th company resulted in a judgment in its favor for reasons not stated.

The opinion in the South Carolina supreme court shows that on Jan. 27 the Wilson agency reported the transaction to the Timmons agency by letter, which was forwarded by the latter to the home office. It was at the time that Dubuque refused to accept liability.

The South Carolina supreme court said that the oral binder arising from the transaction between the Wilson agency and the restaurant owners was invalid under the settled law of the state because the agency failed to

designate Dubuque or any other company to assume the risk. It also held that the agency had no authority to execute or deliver the policy because prior to assumption of the risk it had been notified that restaurants were on the prohibited list of the company. Nevertheless, the court held the insurer liable because it waived its right to cancel the policy and thereby ratified the unauthorized act of the Wilson agency because the Timmons agency, general agency of the company, accepted and retained the premium.

The appeals court noted that in respect to the part played by the Wilson agency, there is the crucial question whether the agency was notified before accepting the risk that restaurants were on the prohibited risk of Dubuque. With respect to the Timmons agency, the important questions are whether the agency neglected or refused to return the premium to insured or to advise Dubuque that the premium had been received, or whether the premium was handled with accordance to the method of doing business established by Dubuque and the

company failed to instruct the agency as to how the premium should be handled.

The action of the district court, the appeals court stated, in dismissing the complaint did not reach these questions and it was not based on the merits of the case. The dismissal was based on the grounds that the decision of the South Carolina supreme court disposed of the issues waived by the company, and by two arguments involving the death of the principals in both the Wilson and the Timmons

(CONTINUED ON PAGE 26)

"Unforeseen events . . . need not change and shape the course of man's affairs"



Fall Guy...

He takes a fall. You laugh. A guest in your home falls.

You pay. *You're* the fall guy. Maybe you keep on paying . . . and paying . . . and paying. Accidents happen. Dogs bite children. Tradesmen slip on sidewalks. And you can be stuck for the bills. A lawsuit is no joke. It can trip you up for thousands—leave you flat broke.

Why risk it? A Maryland Comprehensive Personal Liability Policy costs so little . . . can save you so much. Have your Maryland Agent give you the whole story today. Tomorrow may be too late.

MARYLAND CASUALTY COMPANY

Baltimore 3, Maryland

A Personal Liability Policy is only one of many forms of Maryland protection. Casualty Insurance, Fidelity and Surety Bonds and Fire and Marine Insurance are available through 10,000 agents and brokers.

Here is the newest in the series of attention-getting advertisements designed to help Maryland agents and brokers sell more personal Liability policies.

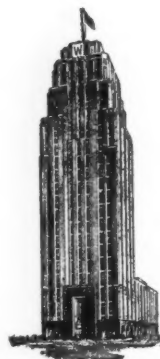
SIMPLICITY

and broad coverage
under a few policy forms
are now the rule.
The flexibility found in
multiple-line under-
writing helps to meet the
needs of today's insur-
ance buyer.



MULTIPLE LINE COMPANIES

EXECUTIVE OFFICES
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Wolverine-Federal
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WOLVERINE'S MOBILE HOME POLICY...

Complete protection wherever insured goes, and designed for Mobile Homes only. This policy has several optional coverages available; such as personal effects, trip collision, and Vendor's Single Interest.

WRITE TODAY...

For Mobile Home information to the Mobile Home Department

WOLVERINE INSURANCE COMPANY

Battle Creek, Michigan

Scripps Howard Man Lauds Claim Work in L. I. Aircraft Crash

Scripps Howard, which in recent months has provided numerous headaches for the insurance business through its series of newspaper articles on A. & H., has given insurance methods a considerable "plug," in the New York area. In a prominently positioned feature article, Walter McDonauld, staff writer with the *New York World-Telegram and Sun*, contrasts the speedy claim settlement on the part of insurance companies, following the crash of an Air Force jet into a group of houses in August at Wantagh, Long Island, with the plodding of the government on its part of the damage.

"Citizens of this village whose homes and property were damaged... a month ago are learning a lesson in the speed and efficiency of the federal government vs. private enterprise," the article states. "Uncle Sam runs such a bad second to private business in claim adjustments that it's not even funny!"

The Air Force adjusters are authorized to settle claims up to \$1,000, but higher claims will have to wait until Congress reconvenes. Since most of the homes in the area had extended coverage, the building damage is being straightened out by the insurance companies promptly. However, a substantial number of the residents of the area did not have EC on their household contents and apparently none had coverage on trees, shrubs and lawns.

Home of New York had 28 of the dwelling lines in the area. A. J. Devine, Home's Long Island manager, and a staff of four adjusters were on the scene next day.

The writer points out that an important insurance lesson learned from this crash is the necessity for the homeowner to increase his insurance coverage in an inflationary market. The houses involved were purchased five years ago for sums ranging from \$12,000 to \$15,000, but today are estimated to be worth up to \$3,000 more. (An 80% coinsurance clause is mandatory on dwelling lines in New York City and its suburbs.)

The article also emphasizes that a homeowner should have EC on household furnishings.

Rupperecht to Hold CPCU Classes in Los Angeles

LOS ANGELES—C. F. Rupperecht, well-known insurance company executive and educator, will give review courses for Parts 1 and 2 of the CPCU examinations here this fall. Class will be held in the Fidelity building at 7 P.M., the part 1 review starting Sept. 20 and the Part 2 section Sept. 21. Both groups will meet once a week until May.

After many years as an executive with several companies, including Commercial Union, North America and Hawkeye-Security, Mr. Rupperecht retired last year and entered the agency business here. He had a very successful record with CPCU review classes at Drake University in Des Moines and is the author of the widely used sets of review questions and answers for these examinations published by the National Underwriter Co.

W. W. Rowse Joins G.A.B.

Walter W. Rowse, southern Kansas supervisor and Wichita manager for Western Adjustment for four years, has joined General Adjustment Bureau at Spokane. Mr. Rowse started in insurance with Aetna. He joined Western Adjustment in 1932.

Fete Lamerson on Retirement

LANSING—Floyd Lamerson, who has been with Boston and Old Colony for 45 years, and for many years has been in charge of the western department loss division, was guest of honor at several farewell functions last week on the eve of his retirement.

Mr. Lamerson was feted at an office party attended by the entire staff and at a dinner at which the speaker was Earl Gibbs, vice-president and western manager.

Mr. Lamerson started with Boston in the old A. D. Baker general agency at Lansing, continuing with the organization when Lansing became western department headquarters of Boston.

Opfer Joins FIA at Toledo

R. E. Opfer, who has been an engineer with the Hylant-MacLean agency of Toledo, has joined Factory Assn. there. Before joining Hylant-MacLean, Mr. Opfer was with Ohio Inspection Bureau.

N. H. Agents' Office in Claremont

Offices of the executive secretary of New Hampshire Assn. of Insurance Agents, a post to which Theodore J. Rouillard has just been appointed, will be 215 Maple avenue, Claremont. Mr. Rouillard, a brother of Arthur Rouillard, the former New Hampshire insurance commissioner, has been managing editor of the *Claremont Daily Eagle*.

West Bend Enters Florida

West Bend Fire has been licensed in Florida and Frank R. MacNeill & Son of Miami has been appointed general agent. Mr. MacNeill who established his agency in Miami a few years ago was at one time field representative for St. Louis F. & M. Besides the new state, West Bend operates in Illinois, Indiana, Iowa, Minnesota and Wisconsin.

G.A.B. Branch in Texas

A branch office has been established by General Adjustment Bureau at Big Spring, Tex., replacing a resident adjustership, established two years ago. The new office is in the Permian building. R. A. Pondrom is manager. He joined the bureau at Texarkana, transferred to Sherman, Tex., and became resident adjuster at Big Spring this year.

Hartfords' Magazine Shows Agency Office Management Figures

The August number of the *Hartford Agent*, house organ of Hartford Fire and Hartford Accident, contains the first of a number of reports on office management in insurance agencies. This report and those to come are based upon a questionnaire circulated with the January issue of the companies' magazine.

Of 3,415 agents who replied, 910—the largest single group—had premiums of from \$50,000 to \$100,000. Next in line were 755 who wrote \$100,000 to \$250,000. Close behind was the \$25,000 to \$50,000 group of 723. Only 110 reported volume of \$500,000 or more; 214 were in the \$250,000 to \$500,000 bracket.

Pan. Amer. Raises Three

E. G. Wilder, Frank M. McGarr and John A. Colvin have been appointed assistant secretaries of the Pan American companies of Houston. Mr. McGarr and Mr. Colvin have been assistant underwriters and Mr. Wilder has been credit manager and statistician.

Expand Reinsurance Course

The reinsurance course of the school of insurance of Insurance Society of New York will be expanded to include an advanced course beginning the spring of 1955. The course will concern the application of reinsurance principles to all lines of insurance. William A. Butz of Employers Reinsurance will be the instructor.

N.Y. Society Time Element Class

A specialized class in time element coverages is being offered for the first time this fall by Insurance Society of New York. Emphasis will be on business interruption insurance and the course will also include rent, rental value, leasehold interest, tuition fees, extra expense, additional living expense and power plant insurance. Leo E. Kietzman, secretary of American group, will be the instructor. Classes will be held Tuesdays from 5:30 to 7:30 p.m., beginning Sept. 21.

G.A.B. Promotes Greer, Lindsay

Joseph E. Greer, who has been with General Adjustment Bureau since 1931 and has been Pueblo manager the past 19 years, has been appointed general adjuster in the Rocky Mountain department. Succeeding him as Pueblo manager is James F. Lindsay, who started with the bureau in 1949 and was assigned at Pueblo as staff adjuster and subsequently as assistant manager.

American Surety on Cal. Bond

American Surety is on the payment and performance bond for P. J. Walker Co. of Los Angeles to construct a hydrodynamic test facility and rocket test facility at Edwards air force base at Edwards, Cal., at a price of \$1,581,846.

G.A.B. Expands in Louisiana

A new branch office at Houma, La., has been opened by General Adjustment Bureau. E. W. Forshag, Jr., is manager of the office at 316 East Main street.

Joplin Agents Install Officers

Insurance Agents Assn. of Joplin, Mo., recently installed William Davis as president, James Austin as vice-president and James Dale as secretary-treasurer. Wallace Wilson is a new director.

et and 355 wrote from \$10,000 to \$25,000.

The first report covers agents whose premium volume does not exceed \$10,000. There were 348 who returned information within the up-to-\$10,000 bracket, but, of these, only 272 questionnaires were employed because the others were in unusual circumstances which would have distorted the results.

In this group, 171 reported having less than 100 accounts and 101 have between 100 and 200 accounts. Of the former, 114 are strictly one-man offices, with no office or sales help. The

average number of persons in each of the 272 offices in the \$10,000 and under bracket is 1.2. The average one-man agency, the report concludes, occupies about 388 square feet of floor space, has one typewriter and part of an adding machine. Most of the accounting is manual and only a few offices engage auditors and outside accountants.

In this group, 23.5% of the agents own dictating equipment while less than 16% have duplicating equipment such as addressograph, multigraph, mimeograph and ditto. None of the

offices has a postage meter.

Wooden desks outnumber metal, 369 to 71 and four-drawer files are more popular than three or five. Only 54 of the \$10,000 agents have counters in their offices.

The article draws the conclusion that most agencies in the \$10,000 and under category incur a certain minimum amount of expense regardless of the number of accounts. Increasing this number from 100 to 200 does not necessarily require additional personnel or any appreciable increase in floor space or equipment.

THE CONSTRUCTIVE APPROACH

In selling advertising in *The National Underwriter*, we are committed to the policy of stating and emphasizing only what we know to be our own advantages and strong points. We believe this is what the prospective advertiser expects of us. We believe just as firmly that he does *not* want our comments on what we may feel to be the weaknesses or inadequacies of any other paper, if for no other reason than that he knows as well as we do that there are several other good insurance papers in addition to *The National Underwriter*.

Perhaps it has been observed by the readers of this series of advertisements, that in them we devote no space to a discussion of our opinion of other publications.

Instead, we present our case constructively. We describe only what we have, because we are convinced that by whatever standard of comparison the prospective advertiser may use, he will decide we have plenty. We have been able to lead many to this conclusion.

In short, our experience has shown us that it is both unwise and unnecessary to refer destructively to any of our competitors.

The NATIONAL UNDERWRITER

Largest Circulation of Any Weekly Insurance Newspaper



Number eighteen of a Series

Elaborate Card for Mutual Management Conference Sept. 23-25

Mutual Insurance Management Conference, which will be conducted at the University of Mississippi Sept. 24-25, features an elaborate program for agents. Among the speakers will be L. C. Spencer, Jr., manager of Delta Electric Power Assn., discussing what the client expects from an agent; S. D. Smith, public relations counsel of Memphis on psychology in selling;

C. E. Nail, president of Lumbermens Mutual of Mansfield, on the sale's outlook; W. H. Bradley, manager of Grain Dealers Mutual, on agency management; M. M. Winkler, Winkler & Associates, on accounting procedures for agencies; Ben G. Sager, Cleveland agent, on what the agent expects from a company; M. L. Landis, counsel of Central Mutual, on what the company expects from its agent.

Field Men at Spokane Rally Stage Management Panel

"Agency Management and Production," was the topic of a panel discussion staged by field men at the annual meeting of Washington Assn. of Insurance Agents at Spokane. Participants were Robert C. Baer, Pacific National Fire; M. C. Johnson, Phoenix-Connecticut group; Eugene McNamara, Great American group; Ben Barnett, North British group, and Lloyd H. Mason, Northern Assurance.

Efficiency in agency management often is the difference between a profitable and unsuccessful business, Mr. Johnson said, emphasizing the need for a thorough bookkeeping system and outlining 15 steps necessary to keep an accurate scorecard.

Mr. Mason advised agents to use the renewal notice form to reduce cancellations and collection problems. He also stressed the importance of the proper employer-employee relationship in an agency.

Agents were cautioned about financing premiums by Ben Barnett. He recommended the use of company or bank finance plans when the assured is unable to pay the premium, and outlined a plan for use on slow-pay accounts.

Mr. McNamara pointed to the delivery of loss drafts by the agent to the insured as the best sales weapon in the business and described the importance of keeping an attractive office. A wider use of advertising, with an agency advertising budget, was urged by Bob Baer.

American International Makes Coast Changes

Howard L. Kleinoeder, Seattle manager of American International Marine Agency, has transferred to San Francisco as vice-president of the company in charge of the ocean marine department on the Pacific coast. Lawrence A. McGuire, who has been in San Francisco, will be manager at Seattle.

Mr. Kleinoeder and A. Martinez, vice-president of the inland marine department, will combine to take over the duties of H. Geary Gardner, former president of the management group. Mr. Gardner has transferred to New York and has been named vice-president of American International Underwriters Corp., as supervisor of worldwide marine underwriting.

Mr. Kleinoeder was with Firemen's Fund from 1946 to 1951 and joined American International in 1951 as northwest manager. Mr. McGuire was Seattle manager from 1949 to 1951 when he entered military service and he rejoined American International in 1952 at New York and transferred to San Francisco in 1953.

Mich. Inspectors Organize

LANSING—Michigan Fire Inspectors Society, the first such group in the nation, was organized at the fifth annual inspectors' conference at Michigan State college. Headed by Richard Bernitt, inspector at the college and conference chairman, 75 delegates participated in the action.

Mrs. Frances C. Richards has been appointed manager of the claims department of Excelsior. She has been with the company more than 20 years. Recently she has been supervisor of the loss department.

Texas Department Asks 25% Increase In Appropriation

AUSTIN—Texas Board of Commissioners have asked an aggregate increase of 25% in its appropriations for the fiscal year beginning Sept. 1, 1955. The request went to the budget board, and it will be put before the legislature next year.

Currently, the department has an appropriation of \$1,532,368, divided as follows: Life, \$680,230; fire, \$527,765, and casualty \$324,373.

The department is asking \$1,915,471 for the year beginning Sept. 1, 1955, and \$1,902,333 for the following year. By divisions, the 1955 requests are: Life, \$888,791; fire, \$608,668, and casualty \$418,012.

Calif. Adjusters Slate Annual in Los Angeles

The annual convention of the California Assn. of Independent Insurance Adjusters in Los Angeles Sept. 30 and Oct. 1-2 will include addresses on "The Adjustment of Personal Property Losses," by Charles H. Ayres, fire and inland marine claims manager of Founders and president of the Marine Adjusters Assn., and on "The Importance of Seeing the Damaged Automobile," by R. J. M. West, claims manager, Security group. Other talks will be "Techniques of Adjusting," by Donald T. Hawkins, assistant manager of the Mutual Loss Research Bureau of Chicago, and "Lloyd's of London" by Lee C. Friel, of Jones & Whitlock.

Hine's Publishes Its 1954-55 Directory of Adjusters

The 1954-55 edition of Hine's Insurance Adjusters has been published. This is a listing of independent adjusters in the United States and Canada. The new edition contains 195 pages including a road Atlas. Sample copies are \$2 each and can be secured from the Hine's Legal Directory at 38 South Dearborn street, Chicago 3, Ill.

J. R. Miller Joins American Automobile at Detroit

Jack R. Miller has joined American Automobile at Detroit in the fire department. He is a graduate of the fire protection engineering course at Illinois Tech, and since 1951 has been with Michigan Inspection Bureau at Kalamazoo. In his new position he will be assistant to Richard H. Lamar, fire manager at Detroit for American Auto.

Jack Miller is the son of Leo B. Miller, former Michigan state agent of Meserole group and now a principal in the Miller-Snow agency of Detroit.

More State Farm Reductions

State Farm has reduced PHD rates in Iowa and Kansas and has cut rates for BI and PHD in Nebraska and Wyoming.

In Iowa, collision rates are down 15% for both private and commercial cars, except there is a 20% reduction on the \$25 deductible on the passenger classification. Kansas collision rates are reduced 17% on 80% coverage, 13% on \$50 deductible and 15% on \$100 deductible, private and commercial, and 8% on \$25 deductible private only.

BI and PDL rates in Nebraska are cut 15% in Omaha and Lincoln and 12% in the remainder of the state, while comprehensive rates for commercial vehicles are 10%, and all collision coverages are 13% down. In Wyoming, BI and PD are reduced 7% for both classes, and comprehensive is down 25% for commercial vehicles, with collision down 12% on the \$100 deductible and 13% on all other forms.

Holds Automobile PD Does Not Cover Unexplained Damage

In Parker vs. Niagara Fire, the appellate division of the New Jersey superior court held that automobile comprehensive physical damage insurance did not cover burnout and overheating of the automobile engine, where the cause could not be definitely established. The case is cited as 4 C.C.H. (Auto 2nd) 986.

There was much conflicting testimony and speculation as to exactly what happened to the motor, which gave Judge Jayne many opportunities to poke fun at both the insurance contract and the parties. He missed few of these opportunities, opening his opinion with the statement that "The evidence . . . leaves the fundamentally essential factual information to which the law is to be applied in a state of abysmal incertitude and obscurity." The automobile would not start and it was discovered, after the engine was taken apart, that a dark brown substance had coated the insides of the cylinders, stopping the pistons. There was much contradictory expert testimony, including laboratory reports, as to what caused this.

The opinion quotes the exclusion of damage by wear and tear, freezing, mechanical or electrical breakdown or failure, but, in reversing a lower court judgment for the insured, the appellate court based its opinion primarily upon the fact that nothing definite could be established. Pointing out that the argument of the insured could be summarized as "If there is proof of the occurrence of damage to the automobile of the insured from a cause undisclosed by the evidence but not from collision or upset, the insured is entitled to recover the loss under the policy unless the insurer proves that the cause of the injury was excluded," the opinion rejected this and held instead, "The primary burden rests upon the plaintiff (insured) to submit evidence which to a prima facie degree establishes that the loss was caused by a risk covered by the policy, namely, a direct and accidental loss" and not mere speculation.

Free UJ Is Approved

Commissioner Taylor of Oregon has ruled, following a hearing early last month, that Interstate Indemnity may provide unsatisfied judgment coverage to its BI policyholders free of charge.

He had called a hearing to determine whether the company was getting an adequate premium to provide the additional coverage.

In his opinion, the commissioner said Interstate Indemnity has statistics and information indicating that UJ losses will be negligible. The company has made a sizable contribution to surplus to withstand unexpected UJ losses, and since there was no conclusive proof to the contrary, the commissioner ruled that the rates charged by Interstate for BI and PDL, including the UJ endorsement, are adequate.

The Florida agencies of Keyes-Ozon and Fincher have merged under the name of Keyes-Ozon-Fincher. Offices are at Jacksonville. Officers of the new agency are Kenneth S. Keyes, chairman; Dwight G. Ozon, president, and Harrell M. Fincher, executive vice-president.

Max M. Oppenheim has sold his insurance agency at Niagara Falls to Bernard D. Levy. The agency will continue under Mr. Oppenheim's name. Edward M. Levy, who has been with the agency 25 years, will be manager.

WANT ADS

Rates—\$18 per inch per insertion—1 inch minimum. Limit—40 words per inch. Deadline 5 P.M. Friday in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

SALESMAN Executive Type 28-35

Expansion program creating new territories offers outstanding opportunity with leading Appraisal Company. Applicant must possess closing ability and be capable of meeting top executives in all lines of business. We require a minimum of five years recent and strong sales background with preference given to salesman with fire insurance experience. Protected territory coupled with an extensive advertising program presents an enviable proposition to the right man. Salary and commission.

If you can meet the above qualifications, write Industrial Appraisal Company, 222 Boulevard of the Allies, Pittsburgh 22, Pennsylvania.

EXPERIENCED FIRE ADJUSTER AVAILABLE

ADJUSTER with 20 years experience in Fire and Allied Lines desires to locate in Florida with established Independent Adjusting Firm or Direct Company Service Branch. A man of proven ability as Manager Company branch office who can operate without local supervision. Can furnish Best of references. Available in 30 days. Address A-95, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

TREASURER-CONTROLLER AVAILABLE

Presently employed as officer of small automobile casualty company, but seeking greater opportunities. In early forties with thorough knowledge of systems and procedures, annual statement preparation, statistics, personnel handling and general administrative work. Résumé on request. Address Box A-97, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

AVAILABLE AT ONCE

Account executive—age 35—Fire and Casualty—all lines. Over twelve years experience large mid-west agency. CPCU. Also will consider purchase of interest in agency. Address A-88, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

INDEPENDENT SALESMAN WANTS CONNECTION

Licensed insurance broker wants sales contract with reliable brokerage house in downtown or North side Chicago. Prefer one with larger company representation. Age 50+. Available immediately.

William Loehr
2136 Roscoe St., Chicago 18, Ill.
Phone GRaceland 7-5162

ENGINEERING DEPARTMENT SUPERVISOR

Multiple Line Company requires qualified engineer to supervise new Engineering Department handling Fire Prevention, Safety and Casualty Inspections. Chicago Headquarters with little traveling contemplated. College education desirable and prefer man under 35 years of age. Apply Box A-94, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

STATE AGENT for Alabama for multiple line company. Primary emphasis on automobile and fire lines wanted. Excellent opportunity with aggressive Southeastern company. Prefer man under 35 years of age. Our employees know of this ad. Write to A-99, The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

Kavanaugh Suggests Institutional Ads for A & H Business

Luke J. Kavanaugh, who is retiring Oct. 1 as Colorado commissioner, in his address before the annual meeting of Bureau of A & H Underwriters at Colorado Springs, suggested that the business could use an industry-wide national advertising program. Such advertising should be carried in the daily papers, Mr. Kavanaugh said, in order to reach a larger field at less cost than through national magazines. Radio, television or both might be used, so that the business is in a position "to refute specious and unfounded charges which are being made constantly."

These advertisements also could mention benefits paid and other results, but Mr. Kavanaugh recommended that the emphasis not be there, but rather on an explanation of the whys of policy cancellation, the relation between premiums and benefits, and on answering questions raised by policyholders "who are in a skeptical frame of mind concerning their treatment."

A & H public relations have fallen "alarmingly" behind the needs, the commissioner went on, considering that it is perhaps the most "social" of all types of coverage written. The public buys it, but it is ready and willing to set up a clamor against it. A & H is a target of criticism in magazines and newspapers, and is a subject of scorn on the part of many important groups who stand to benefit directly or indirectly from its activities. Mr. Kavanaugh noted. He said one example of this is the poor relations the business had with the doctors, hospitals and other branches of medicine.

However, he characterized as more important the relations with policyholders put on the books in recent years. They have little understanding of the business. Many of them are surprised

that rates are not regulated by the state, and the business has a job to do in explaining how premiums and coverage are kept in line. It is not possible, he commented, to expect the public to believe they can rely on competition alone to protect them against paying "an unwarranted and perhaps unconscionable price for their coverage."

The Colorado department handles about 150 claims and inquiries a month on A & H, and many of the letters from policyholders are so brusque as to be almost insulting, the commissioner said. It is difficult for the department to explain anything to such aggrieved persons. Perhaps more time should be devoted to training claim adjusters in public relations, he suggested.

Mr. Kavanaugh also mentioned that recently Denver Better Business Bureau got into the A & H act. It advertised that anyone who had a complaint against a company should notify it, making no distinction between a simple complaint and a just complaint. Within a short time it was deluged, and a committee of A & H agents, company men and others were set up to handle the mail. It was found that of some 300 letters, half were inquiries, and of the other 150 only three claims were found having merit. Yet, during all this barrage of unfounded criticism, there was no explanation by the insurance organization to clarify the situation. The companies got a bad name and did nothing to clear it.

McIlwain Advanced

William C. McIlwain has been appointed assistant secretary of North Star Reinsurance. He joined the company as an underwriter in 1953.

Previously he was a special agent in fire insurance at Memphis for United States Fidelity & Guaranty for two years, and was with Siebels, Bruce at Columbia, S. C.

Hanover Raises Wills

Donald A. Wills has been appointed assistant secretary of Hanover Fire and Fulton Fire. He has been manager of the automobile department of both companies.

Changes in Tex., South. Made by North British

Union S. Roane, Jr., has been appointed state agent in northeast Texas by North British group. His headquarters will be at 1125 Kirby building, Dallas. He is transferring from the Lubbock, Tex., office.

The group has also advanced Ben L. Tucker, examiner in the southern department at Atlanta, to inland marine special agent to travel all the southern department except Arkansas, Louisiana, Mississippi and Texas. His headquarters will be at 739 West Peachtree street, N. E., Atlanta.

Writes \$1,154,000 Bond

A bond of \$1,154,000 on the construction of the Millard Hefler junior high school at Lincoln, Neb., has been written by Maryland Casualty through its Kansas City office.

180 at Champaign Outing

The outing of Champaign Assn. of Insurance Agents drew a crowd of about 180 last week. This is one of the oldest and best attended of the agent outings in Illinois.

The evening prior to the outing, an old custom was revived when the Monier & Morrissey agency had a dinner for officers and field men of the companies it represents and for a number of the insured. This was attended by

about 40 persons. For a number of years this agency and the Frank Smith agency had a preview dinner but it was discontinued for a time after the death of Mr. Smith.

The D. C. Bates local agency at Alexandria, La. is constructing its own

building there which it plans to occupy about Oct. 1. The agency will hold open house to celebrate the occasion.

Tinklepaugh & Lind agency in Kansas City, Kan., has moved from Minnesota avenue to larger quarters at 736 Armstrong avenue.



WHEN YOU DECIDE TO REALLY DEVELOP A & H PLUS HOSPITALIZATION choose American Health

A sound A & H and Hospitalization-Medical Specialist Company—growing on a planned program based on dependable local agents backed by liberal claim settlement

- ★ GROUPS AS SMALL AS 5 MEMBERS
- ★ ALSO FLAT RATE FAMILY POLICIES
- ★ NO OTHER LINES OF INSURANCE
- ★ NO BUSINESS WRITTEN DIRECT
- ★ ALL CLAIMS SETTLED LOCALLY



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Write Direct to:
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AMERICAN HEALTH
INSURANCE CORPORATION
First National Bank Building, Baltimore 3, Md.

New Va. Claims Office

America Fore has opened a branch claims department at Harrisonburg, Va., to process claims made on all insurance written by Fidelity & Casualty and all automobile claims of the other four companies of the group. It will serve claims in nine Virginia counties.

Henry J. Neeham is manager of the new office at 301 Ruddle building. He joined the group last year as an adjuster in the Mineola, N. Y., claims department.

Cramsie Adds to Representation

The Cramsie Co. agency of Chicago has taken on all lines for fire and casualty for American Associated and for New Amsterdam, both in casualty and fire.

Industrial Indemnity Names V-P

Rex L. Jones, public relations and personnel manager of Industrial Indemnity at the home office, has been named a vice-president.

Moves in N. J. Hanover Fire Office

Einar S. Owren, central New Jersey state agent of Hanover Fire, has opened an office at New Brunswick in the National Bank building, 390 George street.

Horace G. McGee has purchased an interest in the Everett (Wash.) agency of Dana D. Cowell. The firm will operate under the name of Cowell & McGee Insurance & Real Estate. Mr. McGee was with the examining bureau for a year and a half and spent four years with Stuart G. Thompson-Elwell Co., Seattle general agents.

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70 Experienced Adjusters in
22 California and Nevada
Cities offer you the benefit of
30 years experience in the
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24-hour daily basis to assure
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Sacramento
San Bernardino
San Diego
San Francisco
San Jose
San Luis Obispo
Santa Rosa
Stockton
Tulare

OFFICES
IN NEVADA

Las Vegas
Reno

Don't Slight Fundamentals, Neville Warns Pa. Agents

(CONTINUED FROM PAGE 7)

difficulties can never be perfect, certainly the damage can be minimized. Writing a short memorandum of telephone conversations will go a long way toward closing a gap in the agent's armor. Confirming letters have their place and are not widely enough used. One of the most obvious ways to avoid trouble is the painstaking attitude toward office detail, together with handling of all insurance matters with dispatch. This is applicable to agents as well as their employees.

Among the most important obligations an agent has to his company are: He must act in good faith, stay within the scope of his actual authority, obey company instructions, and use due care and diligence in handling business entrusted to him.

The general legal rule makes the agent liable for any losses caused by his proximate failure to live by this code. The agent's ostensible or apparent authority probably, under ordinary circumstances, would allow the agent to bind the company to risks which the company had forbidden the agent to insure. But under these circumstances, the agent will be liable to the company for any losses it may be required to pay on risks which were on the forbidden list and which were assumed through the agent in violation of his instructions.

The agent has definite obligations to his customer which should be understood. He must not exceed his authority or take an expanded view of his instructions. The agent claims skill; he must show it—at least to the extent that may reasonably be expected of a person in his position. He must do what is necessary to effect the policy by being certain, among other things, that it effectively covers the property of insured.

When the agent has the responsibility of selecting insurer, though he is not ordinarily considered a guarantor of the financial condition of his companies, he is unquestionably required to use due care, skill and judgment in making his choice and he should make every effort to get the best terms in connection with the insurance as are reasonably possible.

The agent may live to regret that he

undertook to procure insurance for a client if, after he fails to do as he agreed, he is unable to come forward with a good reason for his failure. After the agent has taken the initial step of undertaking to cover the client, for instance, the agent has probably created a duty toward his client insofar as procuring this particular cover is concerned. If, on the other hand, the agent is unable to consummate the transaction, he must so advise the client to allow him to go elsewhere to arrange insurance protection for his interests.

Granite State Fire vs Mitton should serve as a warning to all agents who may not be as particular about following company instructions as they should be or as the law demands.

Mitton was a Colorado agent who in December, 1947, received an application from a construction company for insurance covering loss to its machinery, including losses by landslide and flood. The companies then represented by Mitton were unable to assume this risk, but he was able to place the business in Granite State through its general agent. At the time Mitton did not represent Granite State but was a broker. Subsequently he became an authorized agent of Granite State.

The policy in question had just been delivered to the contractor when Mitton was advised by the general agent that the company would not continue to insure against the perils of landslide and flood.

Mitton, was verbally instructed to ask insured if the contractor would be willing to accept an endorsement which would relieve the insurer from these risks. If insured was unwilling to accept this change, he would have to place the insurance elsewhere. The general agent who gave this verbal instruction on behalf of the company followed it with a letter of confirmation with the applicable endorsement attached.

Mitton requested release from landslide but was hesitant to suggest elimination of flood for fear of placing his account in jeopardy. The general agent was somewhat persistent but was rewarded with excuses.

Flood caused a loss to the property before Mitton had requested elimination of the feature. The loss, \$11,612, was paid by Granite State which, subsequently, sued Mitton and his agency to recover that amount, alleging that

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BALTIMORE 2, MD.

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SPRINGFIELD, ILL.

1535 Wilshire Boulevard
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there was failure on the agent's part in carrying out instructions, as a result of which the company was required to pay insured for the loss.

The appeals court stated: "It is conceded that where an insurance company has the right under the provisions of an outstanding policy to cancel the same and instructs one of its agents to obtain a reduction of liability on or to cancel a policy, and that if the agent fails to carry out the instructions diligently, as a result of which there is loss to the insurer, the agent is liable for the amount of the loss."

Also: "We think the evidence is not only sufficient to sustain the court's finding that the defendants were acting as agents for the plaintiff, but also that the instructions to relieve the plaintiff from the liability for loss caused by landslides and floods were clear, definite and absolute and so understood by the defendants . . . Defendants had handled the business from its origin and while acting as agents for the plaintiff made no effort to follow the instructions until after there was a loss . . ."

Thereupon the appellate court affirmed the judgment of the district court holding the agent liable to Granite State.

This case, is a rather good example of the necessity for an agent following instructions. Here is one situation which arose between agent and company which was not settled on an informal basis. Friendliness and informality are a real help to the speedy transaction of business but an agent should never allow himself to depend so greatly on the first name basis approach to a problem that he may find acute embarrassment if the other protagonist in the drama decides to do things according to the book.

Where an agent promises to procure or maintain insurance for a customer there is a prolific source of difficulty. An agent should know exactly what he is doing when, in talking to a prospective insured, he uses such expressions as "Don't worry, I'll take care of it for you," or "Forget about your insurance, it's in my hands now." Such evidences of good fellowship and informality bring a gleam or a tear to the eyes of a lawyer, depending on whom he thinks he will represent when things get back on a more business basis.

Potential liability always lurks in the use of loose language and mistakes in an agent's office, especially in the handling of routine applications for insurance, can be costly.

The agent has a legal obligation to act with reasonable diligence in effecting insurance. In the Alaskan case of Coffey vs Polineni the court indicated that Coffey, the agent, was grossly negligent in his handling of an application and stated that the agent owes the applicant for insurance what amounts to a legal obligation to act with reasonable promptness on his application, either by providing the desired coverage or by notifying the applicant of the rejection of the risk so that he may not be lulled into a feeling of security or put to prejudicial delay in seeking protection elsewhere.

The appellate court affirmed the lower court's judgment in the amount of \$9,200 in favor of insured who applied for insurance and never did get it; and against Coffey, the agent, who was held responsible for the failure of his office to observe a fundamental concept in the business.

Much time is spent in trying to find the key to the secret of how success-

fully to meet troublesome competition. A lot of thought and effort is given this consideration; that is as it should be, for competition not only makes any business more alert to the needs of the public, but is probably responsible for a good deal of the progress which agents enjoy. But how much good will it do, and how permanent will be the cure, to devise ways and means for neutralizing competition when so many in our ranks forget some of the basic tenets of an agent, to say nothing of the failure properly to take care of the business he now has, Mr.

Neville asked.

Before blaming all agency ills on competition, agents should take a self-inventory to determine how efficient they are with the business they have, which has not, yet, been adversely affected by the outside force of competition.

"There is much to be done in order to protect and preserve the agency system; and much of this can be accomplished without going out of our own offices. Let us worry a little less about what the other fellow is doing to us and concentrate on what we may be

doing to us and concentrate on what we may be doing to ourselves," he said.

Yakima County Elects Officers

Yakima County (Wash.) Insurance Assn. has elected Joseph I. Bjerke as president, succeeding Ned Van Amburg. Other officers are Tony Goldade, vice-president, and Erma L. Dyer, re-elected secretary.

Vince Swanson, who has been with D. K. MacDonald & Co. in Seattle for eight years, has resigned to join the Walker agency in Eugene, Oregon.

Bluebook Blueprint

Insurance agents, like many other business men, are facing uncertainties these days and collections are of paramount importance.

The agent who is slack about collecting premiums may earn the gratitude of some customers and strengthen the ties which bind them to him, but on the other hand his "generosity" later on may cause him to be out of pocket.

The diligent, competent agent already performs services for his clients well worth the commissions received, and there is no reason why he himself should finance clients without charge.★

No insurance sale is a completed transaction until the premium has been

paid. Never sell a policy without a definite promise as to payment. If the insured does not keep his promise, call and tell him frankly that you want the premium. Although at times you may have to modify the original agreement, experience shows that, if a client fails to keep his promise once, he is likely to do so again and again.

The forward-looking agent who keeps his collections up-to-the-minute at all times and does not permit clients to over-extend their credit, is the agent who will be in the best financial condition at year-end. To that end, our Producers are offered a free copy of our recently issued "Bluebook On Agency Collections." Simply write our Advertising Department, 150 William Street, New York 38, New York.

NORTH BRITISH AND MERCANTILE INSURANCE COMPANY LIMITED
THE PENNSYLVANIA FIRE INSURANCE COMPANY
THE COMMONWEALTH INSURANCE COMPANY OF NEW YORK
THE MERCANTILE INSURANCE COMPANY OF AMERICA
THE HOMELAND INSURANCE COMPANY OF AMERICA

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Minneapolis Fire & Marine Ins. Co.
The Central States Fire Ins. Co.
Atlantic Fire Ins. Co.
Great Eastern Fire Ins. Co.
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London**

Washington Assn. May Sponsor WC Bill in '55

Washington Assn. of Insurance Agents will present a bill to replace the state monopoly on workman's compensation at the 1955 legislature, if a survey shows there is a reasonable chance of success. John L. Warne, chairman of the special committee on WC, announced the plans at the Washington convention at Spokane.

He stressed the importance of talking about the measure to candidates, saying it is too late to get support after the legislature is in session. The association, he suggested, should conduct a survey, canvassing every successful candidate immediately after the primary election. If a majority of the legislators indicate favor for the program, the association can go ahead, but if not, "we might as well save our time and energy," Mr. Warne said. What is needed is the right combination and circumstances. "We have plenty of support, but in the long run we are going to have to carry the ball—just as on most legislation some determined group works until the key finally turns the lock." The Washington State fund presently writes about \$30 million annually, Mr. Warne said. Judging by other states, the competitive law would allow the agents to get about 78% of the volume.

Pittsburgh Schools Offer 3 Insurance Courses

Pittsburgh's insurance fraternity will sponsor three insurance courses during the 1954-55 term at Pittsburgh insurance schools, 815 Farmers Bank building. Insurance Women of Pittsburgh will sponsor the elementary insurance school beginning Sept 15 and meeting each Wednesday evening through May 18.

The advanced course will be sponsored by Insurance Club of Pittsburgh, Pittsburgh Assn. of Insurance Agents and the alumni association of the Pittsburgh Insurance School, which will conduct the course. Classes will meet Mondays and Thursdays afternoons, starting Sept. 20 and continuing to May 12.

A CPCU course, to be sponsored by the Allegheny CPCU chapter, will be conducted by the school of business, University of Pittsburgh, and will cover the prescribed study for the five CPCU examinations.

Los Angeles Insurance Post Elects

Los Angeles Insurance Post of American Legion has elected the following officers:

Commander, John Ferraro, broker and police commissioner; first vice-commander, Richard Walker, agent; second vice-commander, Robert Schaefer, Industrial Indemnity; judge advocate, S. M. Kabateck, Employers Liability group; adjutant, James Stockwell, insurance attorney, and finance officer, Charles Davis, Employers' group.

Sergeant-at-arms, Richard Houston, Transport Underwriters; chaplain, Harry Norcross, Republic Indemnity; service officer, Grover Spoor, Swett & Crawford; historian, A. A. Binney, George P. Cronk & Co., and the executive committee, Don Bulger, broker, Victor Illig, contractor, Frank Nosker of an insurance employment agency and Grodon Holmquist, America Fore group. Tom Darcy is junior past commander.

Portland Assn. of Insurance Agents at its recent annual meeting elected Lewis M. Fox and H. H. Bartlett to the board of trustees. Re-elected to the board were Herbert Ballin, Jr., James Bayless and R. T. Kaser.

Elect Pennington Way Director of American

Pennington H. Way, Jr., recently named head of the marine-burglary department of American, has been elected director. He has been in insurance since 1937.



Pennington Way

After field service, Mr. Way joined American at Philadelphia in 1948 and transferred to the home office in 1952. He has been an assistant secretary.

Fireman's Fund Raises Buell at San Francisco

Robert R. Buell has been named assistant marine loss manager in the Pacific territory of Fireman's Fund with headquarters in San Francisco. He will work under the supervision of John L. Stewart, assistant secretary and Pacific manager of marine claims. Mr. Buell has been with Fireman's Fund since 1950.

A Service Guide A

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5-6100General F. & C. Is
Expanding at Chicago

General Fire & Casualty, which has been operating in the Chicago area on a limited scale since the establishment of its office in 1939, is expanding its Chicago operations and has appointed additional staff. A participating stock company, General F. & C. has operated successfully on the eastern seaboard for many years.



Pierce J. Rose

James A. Fitzpatrick, assistant secretary of the company, who has been in the Chicago office for 15 years, will continue at the office in charge of the long-established claim department.

New staff members are Pierce J. Rose, who will be in charge of pro-



William B. Valentine, Jr.



James A. Fitzpatrick

duction, and William B. Valentine, Jr., in charge of underwriting.

Mr. Rose started with the Kemper group in Chicago in 1931 and has had experience in the general agency field in San Antonio, with American Automobile, Accident & Casualty, American Casualty, and Phoenix of Hartford. His last position with Phoenix was as district superintendent in Chicago in charge of casualty production.

Mr. Valentine was with U.S.F.&G. at St. Louis, 1938 to 1947 as a casualty underwriter and head of the survey department. For seven years he has been supervising field underwriter of Travelers in Chicago.

At its expanded office at 309 West Jackson boulevard the company will write, through agents and brokers only, the following classes of casualty insurance: Automobile liability, automobile physical damage, general liability, and workmen's compensation. This additional service, says the company, will give agents and brokers in the Chicago area the means of competing with direct writing and mutual companies.

Names Unsafe Driver
a "Sixth Columnist"

Ed Dunn, Milwaukee local agent writes:

You have an interesting discussion brewing about the irresponsible driver and a dirty name that would properly tag him.

My nomination: *The sixth columnist*. Why? Because he causes more economic and social loss each year than an invading army. Because when he becomes a macadam cowboy he does so deliberately, seeking a cheap thrill at the expense of life and property.

Because he is a bigger menace than the drunken driver in that he generally has use of the senses that the drunk loses in his progress to inebriation. Because he is your enemy and my enemy,

the enemy of all of us and sometimes the enemy of unborn children.

So choose what name you will—I'll stick with *sixth columnist*.

Mundy Joins Mountain Standard

Daniel J. Mundy has joined Mountain Standard of Denver as state agent covering Colorado and Wyoming. He has been with the Roy Wilcox agency.

Rueben H. Rasmussen, state agent in Wisconsin for American, is moving its headquarters from Oshkosh to Wau-paca.

Wood Named Head of
Pacific Public Relations

Albert H. Wood, San Jose, has been named manager of Western Insurance Information Service, the Pacific Coast company public relations organization.

For 23 years Mr. Wood was commercial manager of Kansas City Public Service Co., where he handled public relations. More recently he was executive secretary of Santa Clara county chapter of National Safety Council and was responsible for a safety cam-

paign that netted national recognition.

Name Nelson NAUA
Assistant Manager

Robert A. Nelson has been named assistant manager of National Automobile Underwriters Assn. He has been assistant branch secretary in the association's Chicago office since 1950. Before that, he was with the former Western Factory Insurance Assn. and then became a field man and subsequently, assistant manager of the Western department of Atlas.

The Pittsburgh Story

... population skyrockets, but

traffic deaths hit an all time low!

■ Teeming with over two million citizens, Greater Pittsburgh's hills, valleys and narrow, winding streets present a serious traffic problem. Yet, despite tremendous population and traffic growth, Pittsburgh achieved the *lowest traffic death rate in its history* in 1953.

How did Pittsburgh do it?

It all started in 1946 when Mayor David L. Lawrence called a conference of leading citizens to enlist their aid in solving Pittsburgh's traffic problem. This group formed the Better Traffic Committee and set about to tackle the job on a community basis.

Studies showed that violations caused 9 out of 10 traffic accidents. The Better Traffic Committee, through radio, newspapers, television and posters, began educating the public to accept strict law en-

forcement for its own benefit. Police personnel were given special training to improve the kind and quality of law enforcement. The result was a steady downward trend in accidents until Pittsburgh now boasts an all time low in traffic deaths.

What has been done in Pittsburgh under the leadership of Mayor Lawrence is being repeated in other progressive cities where government and leading citizens have banded together to make traffic safety their business. The results prove that the *community approach*, spearheaded by city officials and civic leaders, can work anywhere.

To keep the ball rolling is a vital job for all of us, especially the members of the insurance industry. By making traffic problems and traffic safety *everyone's business*—everyone will benefit.

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Whether or not you're satisfied with your present volume, you'll find it worth while to talk with the Zurich-American field representative the next time he drops in on you.



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Dorsett Reviews Accident Picture for Executives

Speaking at the Maine State Safety Conference in York Harbor, J. Dewey Dorsett, general manager, Assn. of Casualty & Surety Cos. declared that if the \$9,700,000,000 accident loss of 1953 had occurred through enemy sabotage, public indignation would have forced immediate remedial action. But, he noted, when they are caused "through our own sheer indifference and carelessness, nothing happens."

Noting that accidents in the U. S. in 1953 amounted to \$60 for every man, woman and child, he pointed out that this loss was paid for out of wages, medicines and hospital bills, insurance premiums and increased prices of consumer products. The margin of profit for most American industries is low, he said, and accidents represent a direct and immediate loss to business.

He said insurers are spending more than \$20 million a year to eliminate accidents in shops and factories alone. This is in addition to the sums spent by insurers and the association to reduce highway casualties and accidents at home and in public places.

"Why should motor vehicle fatalities be far more than double the number of industry fatalities?" he asked.

Discusses Problems of Professional Liability

(CONTINUED FROM PAGE 13)
Illinois and New York:

Limits \$25,000-\$75,000	
Physicians (no surgery, radium, or x-ray therapy and diagnosis)	\$230
Surgeons	360
Radiologists (doing surgery)	690
Radiologists	575
Each employed radiologist (no coverage for employee) add	460
Each technician (no coverage for employee) add	115
Add 33 1/3 per cent to the above for California rates. For all other states, deduct 25% from the above.	

In 1945, St. Paul-Mercury Indemnity, which is not a member of National Bureau, contracted with American College of Radiology to write members of the College professional liability insurance. The rates were somewhat less than the rates of the Lloyds' contract which has just been cancelled. The college-St. Paul-Mercury contract was discontinued by the company on May 15, 1953. The writer has been advised that the company is offering to renew some policies at the rates established by the National Bureau, but in some areas the rate is considerably higher than that required by the bureau.

We know of no American company underwriting new insurance for radi-

ologists west of the Rocky Mountains.

A few of the companies are reluctantly writing business at bureau rates. One company will write for only their own agents and will cover x-ray therapy, providing insured has been certified by American board of radiology or is a member of American Roentgen Ray Society or Radiological Society of North America. Another company will write for its own agents only and will not write or renew existing policies for brokers. In addition, the applicant must promise the company all of his insurance business as collateral.

We regret that we have no solution to offer. Several suggestions for relief have been made which might bear further thought and study.

Hartford Gets Fire Award at Board's Film Premier

A new film, "Before They Happen," depicting a typical day's work in a fire inspection bureau has been premiered by National Board in Hartford before executives of property insurance companies. The bureau featured in the picture is Hartford's. The film is available for free public use on request to Bureau of Communication Research, 13 East 37th street, New York City.

At the premier, National Board awarded the board's silver fire prevention trophy to Hartford Chamber of Commerce. The chamber is a three-time winner of the award and now has permanent possession of the cup.

Accountants to Talk Taxes

A tax forum to explain the new federal income tax law will be held Sept. 16 in New York City by Insurance Accountants Assn. Malcolm S. Johnson and John H. Breckenridge, Jr., of Everett & Johnson, will be speakers. The meeting, beginning at 10 a.m. and including an afternoon session, replaces the regular meeting of the association.

Idea Contest for Christmas

American Surety will run its Christmas suggestion campaign again this year. Prizes will be awarded for the most valuable idea submitted between Sept. 10 and Nov. 26, for increasing production of desirable business, improving methods and procedures and reducing expenses.

To Hold Institute, CPCU Courses

Michigan CPCU chapter has announced Insurance Institute classes at Wayne University and CPCU classes at University of Michigan extension service, both commencing the week of Sept. 20. Institute courses are to be held at Wayne and the CPCU courses at U. of M., according to S. A. Vanderpoorten, Marsh & McLennan, Detroit, head of the publicity committee.

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Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

Surveys of Needs of Major Insured Incomplete Without Credit Cover

By ELOISE WEST

An important coverage which protects the accounts receivable of a business is being overlooked to a great extent by agents and brokers, even by producers who make surveys, which have the purpose of outlining every major insurance need of clients. This is credit insurance.

The coverage is so important that there have been many instances in which firms were kept in business only because they had credit insurance.

Pace W. Bartlett of the credit insurance department of London Guarantee cites the case of the cosmetics company which, through extensive advertising had developed \$8 million in annual sales. It failed when some of its merchandise turned faulty. When the failure occurred, its advertising agency was left holding IOU's for \$500,000.

Fortunately the agency carried insurance. This loss could have meant the end of the agency.

The average business man who reads in the newspaper of a large fire loss is inclined to call his agent or broker to check on his fire cover, but when he reads that a firm has failed he often merely shakes his head and wonders what happened. The answer is that for the first half of 1954 shown credit losses were \$289,495,000 for 5,778 companies that failed. This is 63% of the \$455,990,000 fire losses in the same period.

Business failures are increasing at an alarming rate. In 1953 8,862 businesses failed with a total loss of \$394,153,000. But there were 5,778 failures in the first six months of this year and in July alone there were 856 failures with a credit loss of \$32,230,000. The need for insuring credit obviously is increasing. These figures are only for companies that failed. They do not include the losses sustained by solvent companies with debtors who have not paid their bills but who are not yet bankrupt.

Credit insurance covers both categories of credit losses, those caused by solvent and those caused by insolvent concerns. With the credit insurance contract the insurer guarantees the losses sustained by insured that result from the debtor's inability to pay obligations arising from the sale, shipment and delivery of merchandise or the performance of a service. It also insures obligations to pay, such as notes to a bank. Credit insurance is excess coverage over the normal year in and year out credit losses experienced by the firm insured.

Today this coverage is available only to manufacturers, wholesalers, adver-

tising agencies and certain service organizations. It is not sold to retailers because of the difficulty of rating the credit quality of the vast number of debtors. Because of the great number of accounts and the much smaller amount of money per account, retailers have sufficient diversification to provide for a relatively stable and minor credit loss.

Credit insurance, Mr. Bartlett admits, is a technical type of cover. But any agent or broker can place it readily with the quickly available assistance of representatives of either of the two credit insurers in the U. S.: London Guarantee and American Credit Indemnity.

The opportunities are enormous. Total premiums on credit insurance last year were in excess of \$8 million, gross. The line is doing much better this year, Mr. Bartlett said. Losses are increasing too, and insurers are getting more inquiries than ever before.

In an effort to increase sales, London Guarantee has set up a three year training program for its field men so they are fully equipped to handle every problem this complex type of insurance can offer.

The opportunities for writing new coverage are great, Mr. Bartlett said. Renewals are highly persistent. One business has carried credit insurance with Mr. Bartlett's company more than 50 years—credit insurance has been available in the U. S. only 60 years—and it has renewed every year even though it has had only one claim in all those years. However, that was a "convincer". It was for \$50,000.

Often a business that can buy doesn't make the effort to do so until it is in trouble. A property owner can't buy fire insurance after his property starts burning or is under threat of it. Yet a business with a large credit risk often considers purchasing credit insurance only after his accounts get shaky. Then he finds that because of his past experience his premiums are exorbitantly high or he cannot get the cover at all.

At least three businesses today—small manufacturers of shoes, TV manufacturers and furniture manufacturers—cannot get credit insurance because they deal with customers who are so hazardous that the risk is too great for the insurer.

The deterioration in some businesses is a reflection of the adjusting economy, Mr. Bartlett said. This can be measured by the delinquent accounts credit insurers were able to collect in 1952 and 1953. Credit insurers maintain collection agencies throughout the country and insured may ask insurers to do the collecting rather than going

to the trouble themselves of hiring a lawyer or collection agency. It is a part of the service included with the coverage. Of the delinquent accounts filed with them in 1952, credit insurers were able to collect 63%. In 1953, on a tremendously increased total volume they were able to collect only 48%. Credit insurers paid claims on

(CONTINUED ON PAGE 36)

Sees Need of Standard in Auto Repair Field

Henry Paulman Jr. of Chicago writes regarding the article on the local agent and the direct seller in the issue of June 3.

I am most impressed with the rapid growth factor you outline and suspect that this surprise growth may be responsible for the slow adjustment of company policy and procedure. The fact that a great many auto underwriters have not yet discovered how to administer this class of business should warrant further study on method and concept.

It seems unlikely that any fire company can long retain its agents without providing attractive auto coverage. But to sustain each company's interest it must show some chance of being a reasonably profitable activity. To an outside observer, it seems evident that serious attention must be directed to developing new and sound claims procedure. All that anybody can do with three "competitive" estimates is to compare the final figure.

If each estimate was prepared in a standard fashion, then possibly a bright young woman clerk could decide which estimate would produce the most repairs. When we arrive at any bank to make a deposit they ask you to fill in your figures on their standard form, then your deposit is accepted. So why not have all adjust-

ers ask each repair man to fill in his suggestions for the work to be done on their standard company or industry form. From that point forward all might be able to decide what needs to be done to repair the collision.

The growth of the A.D.A. Service comes closest to providing a basic program for comparative estimates since these men all tend to follow the same procedure and use a standard estimate pad on which they write up their concept of the existing old damage and the new damage caused by the collision. As the various companies and bureaus accept the standard repair estimate principle, many a claims manager will be amazed at the substantial savings available to his company. Dispel some of the synthetic mystery of auto repair costs, and all will gain from such simple fact-finding.

Likes Editorial on Local Agent's Position

Milton Wettstein, local agent at Bridgeport, Conn. writes:

Your editorial in the Aug. 26 issue, "Agent's Personality, Delivered, Will Win," in my opinion, is one you have the right to reprint for distribution to every local agent.

Despite the severe competition of the direct writers, our business was never better, and the commissions on our accounts current seem to grow larger every month.

The local agent today who carefully underwrites the business he accepts, keeps in touch with his insured, organizes his office so that he can be away from it as much as possible making calls, will never have anything serious to worry about.

It was refreshing, in contrast to all the dire prophecies we have been subjected to lately, to read your excellent editorial not once, but several times.

Building Agent's Community Prestige

Home has issued a new color sound slide film for exhibition to agents and brokers, which is entitled "Agents' Community Relations". The film describes a number of ideas successfully applied by local agents in communities across the country.

The film, designed to help producers develop a vigorous community relations program, provides practical, tested suggestions on the



sponsorship of safety programs, civic and public activities, educational projects, ideas for use in fire prevention and clean up weeks and many other ideas which would help local agents gain community recognition.

Producers interested in viewing the film—or its predecessors, "Systematic Profits" and "E-Day—the Story of Earnings Insurance", can contact Home field men or company field offices.

Saskatchewan G. & F. Is Licensed in Great Britain

Saskatchewan Guarantee & Fidelity, the government-owned insurer of Regina, has been registered for the writing of direct business in Great Britain. The company has pending an applica-

tion for license in North Dakota, and is licensed in Montana where the federal court hearing the case brought by the agents to have the company thrown out has referred the matter back to district court to be tried sometime this fall. Saskatchewan G. & F. is now writing multiple line in Montana.

Prize Package for your Pleasure and Profit!



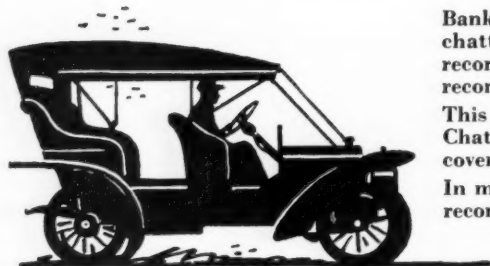
A man's work should yield pleasure as well as profit. In that respect, insurance men are fortunate. When disaster strikes your insureds you know that your services have greatly reduced the financial loss. There's satisfaction—pleasure—in such knowledge. And never more so than when you have placed the risk with such a fine old company as Dubuque F. & M. Dubuque's multiple line facilities have recently been expanded—greatly increasing your opportunities for pleasant profits. Ask us for the interesting details.

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William E. Lersch, Vice-President



Lannan & Co. Opens N. Y. C. Office; Carson Manager

Lannan & Co., Chicago agency which also has a branch at Pittsburgh, has opened a New York City office at 30 Rockefeller Plaza. Charles H. Carson, formerly with the agency department of Providence Washington, will be resident-partner in charge. Mr. Carson's early insurance experience was with Automobile as a special agent.

S. C. Agent Loses Appeal: Insured Prohibited Risk

(CONTINUED FROM PAGE 15)

agencies which raised questions of whether the suits were properly asserted against the estates.

The high court said it thought none of these grounds justified the order of dismissal. The state supreme court did not attempt to adjudicate the liability of the agencies to the Dubuque for improper action in regard to issuing the policy and retaining the premium but confined itself entirely to the liability of Dubuque to insured. It stated that the contention of the agency that Dubuque lost the right of recovery because it failed to assert claims against the estates of Wilson and Timmons is not supported by the decisions of South Carolina courts.

It pointed out that in its further proceedings in the district court to which the case was remanded after reversal, the right of Dubuque to recover and the liabilities of any of the agencies may be determined on the merits with full opportunity to the parties to make such amendment to the pleadings and to advance such contentions in support of their respective positions as they may see fit.

Detroit Buyers Meet

Insurance Buyers Assn. of Detroit met Sept. 15. Speakers were R. H. French, Michigan-Wisconsin Pipe Line Co., and P. D. French, Detroit Edison Co. Their topic was "Deductible Group Hospital and Medical Expense Insurance."

Dr. Scoins Urges Claim Men to Explain Policies

(CONTINUED FROM PAGE 10)

such a way that the policyholder is offered life insurance at a fair, reasonable price, and an A & H contract which, when issued, can be relied upon to fill the need when the occasion arises.

He told of his company's policy of giving frequent lectures to life and A & H underwriters during which the natural history, usual findings, complications, treatment and underwriting significance of various diseases are discussed. This program, he said, has resulted in a corps of underwriters who have a basic understanding of the normal limits in the physical examination, the laboratory and clinical investigative procedures; who have a good working command of the language and techniques of medicine and surgery, and who have a good knowledge of the important diseases.

In the interest of further assisting the claims man, Dr. Scoins said, his department sought to know the characteristics of the typical claims man. The following was compiled:

1. He would get along well with people, and would so deport himself that, regardless of the merits of the cases at hand, those meeting him would remember him for his fairness and courtesy.
2. He would possess a natural curiosity about people and events, modified by a healthy skepticism. He would be energetic enough to stay on a case until he had all the facts. He would not be afraid to ask questions of anyone.
3. He would be so constituted temperamentally that threats and emotional pleas would not sway his thinking or action.
4. He would be able to arrive at fairly accurate judgments in the face of obviously prejudiced statements and rigged evidence.
5. Once he has his facts and has decided on a course of action, he would be and remain firm. If compromise is indicated, his first offer would be high enough to encourage progress and the final figure would not be far removed.
6. Finding himself convinced a claim is without merit, he would have confidence in his ability to handle the situation, even though legal and medical matters are involved.
7. He would be able to talk at length, if necessary, but would prefer to state his case briefly and then let the claimant talk himself or herself into the proposed settlement.
8. Working for the company, he would nevertheless be constantly aware of the beneficiary's interests, and would insist upon prompt and full payment of the claim if the facts led to that conclusion, even though the company might have a technical defense and the beneficiary might not be fully aware of her rights.
9. He would set and conduct himself as a company representative, and in so doing would be the good will ambassador, agency minded.
10. He should find claim handling definitely to his liking, and must qualify his existence in the business with a well-rounded knowledge of law and medicine.

The Adams & Sons agency at Coeur d'Alene, Ida., has moved to 105 South Fourth street and its name has been changed to Adams-Swelge. The interest of J. G. Adams, Jr., was purchased by Bruce Swelge.

E. Roland Harriman and Alan Harriman Temple have been elected trustees of Atlantic Mutual and directors of Centennial. Mr. Harriman, a partner in Brown Brothers Harriman & Co., has been in the banking business in New York since 1922. He is chairman of Union Pacific Railroad and Provident Fire of the Royal Exchange group and a trustee of Mutual Life. Mr. Temple has been with National City Bank of New York since 1931. He is executive vice-president. He is a director of Prudential of Great Britain.

Dwelling Rates Cut \$6 Million in N. Y.

NEW YORK—Substantially reduced fire insurance rates on homes and apartment buildings have been filed for the state by New York Fire Insurance Rating Org. and approved by Insurance Superintendent Bohlinger. New rates are as much as 25% reduced and are effective Sept. 13. The reduction will amount to about \$2 million in New York City and \$4 million in the remainder of the state.

There has been a consistent country over trend toward lower rates in the dwelling field.

The revised rates in New York are based on the loss experience on residential classes for the five years 1948-52. Extended coverage rates are not affected.

Generally, the reductions apply only to buildings. Company loss experience has been unfavorable on contents and rates on them are not generally affected. However, in a few territories the contents rates have been reduced.

The sharpest reductions have been made in the rates for insurance on seasonal dwellings and their contents located in upstate class C and D territories which include the rural areas. Owners of such dwellings in class C communities will pay 42 cents per \$100 of insurance or 25% less than the old rates. The cut in class D territories is also 25%.

Rates on brick and frame homes in the five boroughs of New York City are 23.5% lower, on brick dwellings 18.2% less, and on brick apartments 6.2% lower.

In Nassau, Suffolk, Westchester, Putnam and Rockland counties reductions range from 5.5% on frame in rural territories to 18.2% on brick in semi-protected areas classified O.

Approximately 1,000 upstate communities which qualify for class C protection (two or three miles from a fire department), in addition to the rate reduction, will have a further cut, to about 40%, by a rule change which shifts them from D to C.

NYFIRO amended its rules to recognize improved fire department protection in these areas.

Rates are reduced on buildings of non-fire resistive construction in housing projects eligible for special credits.

NYFIRO recently broadened the standard dwelling form to enable home owners to apply up to 10% of insurance on the residence to outbuildings and 10% for rental value.

N. Y. Department Has Volumes 3, 4 Ready

The New York insurance department has published volumes 3 and 4 of examination of insurance companies. These include lectures on this general subject and constitute a comprehensive analysis of the evaluation of the financial condition of an insurance company, in volume 3, and such items as constitutional aspects of regulation, uniform accounting, examination procedures, credit insurance, and other phases of supervision, in volume 4.

The reserve question is dealt with in detail as respects life insurance and fraternal, claim reserves for various lines of fire, casualty, marine, etc.

The new volumes are available at the department, 61 Broadway, New York, at \$15 a set, and they are sold as a set. A limited number of sets of volumes 1 and 2 are available.

Plan New A & H Locals

Advance planning indicates there will be several new local A & H agents'

associations formed during the coming months. In Indiana organizational meetings are being arranged at Evansville, Lafayette, and in the Hammond-Gary area. Another local at Winnipeg is in the planning stage.

P. G. Roger Co., independent adjusters of Detroit, have moved to consolidated headquarters at 18516 James Couzens Highway. The firm handles fire and allied lines, automobile, casualty and marine.

Record Gets a New Look To Boost Agency Trade

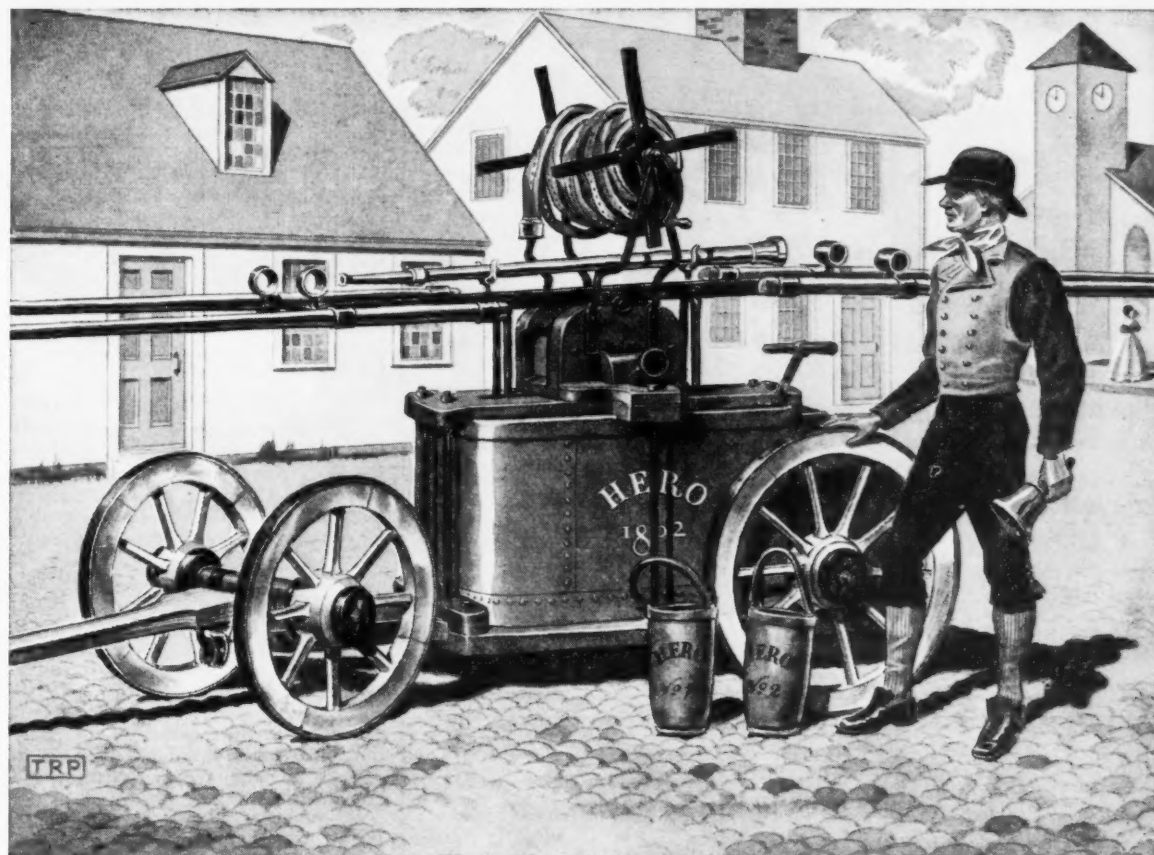
The Record, Fireman's Fund group's magazine, has been redesigned for use as a public relations medium to boost the American Agency System. Now of general interest, the periodical features two full-page ads bearing the local agent's imprint.

A business edition will continue to be available to agents and brokers on the mailing list, and the new edition,

minus selling technique articles, will be offered for public distribution at a small cost.

National Board Displays at NAIA

Sample kits of material of the advertising campaign of National Board will be on display at the annual convention of National Assn. of Insurance Agents in Chicago, Oct. 3-7. Donald B. Sherwood, assistant general manager of the board in charge of public relations, is scheduled to speak to the state secretaries' meeting Sunday.



American Pioneers

In 1802, just three years after Providence Washington was founded, the endstroke engine "Hero" started its fire fighting duties at Warren, Rhode Island. Now carefully protected by the town government, the sturdy hand bucket served continuously for one hundred years. *This pioneer apparatus is the oldest known American made fire engine in existence.*

Providence Washington . . . the oldest stock insurance company in New England . . . also is a pioneer in providing progressive protection.

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WASHINGTON
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1799

PROVIDENCE WASHINGTON INSURANCE COMPANY • 20 WASHINGTON PLACE, PROVIDENCE, RHODE ISLAND



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The HARFORD MUTUAL
Insurance Company

HOME OFFICE—BEL AIR, MARYLAND

North America Is Upheld on Partial Subscribership

(CONTINUED FROM PAGE 1)

ization. It argued also that the 1948 amendments were intended to be applicable only to situations where certain mutual insurers writing specialty risks on their own rating plans such as grain and lumber risks, had been permitted to eliminate such classes from their NYFIRE subscriberships.

However, Mr. Murphy states, nowhere does NYFIRE document or otherwise prove that the 1948 amendments were so limited and it is therefore assumed that this is merely an unsupported opinion of legislative intent.

It was pointed out for NYFIRE that no stock insurer sought partial subscribership up to the action of North America. Here, too, Mr. Murphy observes that while this is correct as a statement of fact, nowhere does NYFIRE connect this fact with whether or not article 8 of the New York insurance law permits partial subscriberships. If NYFIRE argues that just because no one has taken such action, it is illegal, that is rejected by Mr. Murphy as a *non sequitur*.

NYFIRE concedes that under article 8 it is theoretically possible for an insurer to operate as an independent. However, it argues such an insurer would have to be independent for all classes of fire insurance written by it, with the result that in case of an insurer writing a general line of fire business, rating services including maintenance of the town list and the servicing of schedule rated risks would be prohibitively expensive. In other words, Mr. Murphy says, NYFIRE believes North America, to avail themselves of the independent status guaranteed by the rating law, must in effect either duplicate or substitute for and then maintain the entire rating system of NYFIRE. This, in the opinion of NYFIRE, would involve needless duplication and expense. NYFIRE's position apparently is based upon the assumption that the public interest is better served by rates which are made in concert rather than independently. In support of this proposition NYFIRE points to certain language in reports of a 1911 and a 1922 legislative committee and a 1925 case in New York court of appeals (*Importers & Exporters Ins. Co. vs Rhoades*). The language in the reports and the case cited in substance say that as a matter of experience and expense it is impractical for one insurer to maintain a rating organization.

In Mr. Murphy's opinion the position of NYFIRE on the question of partial subscribership cannot be sustained. The language of section 181 (4) is clear and unequivocal. Any rule or regulation of NYFIRE inconsistent with the plain guarantee of the right of partial subscribership as set out in section 181 (4), would have to be rejected. He said he did not find that the 1948 amendments to the constitution of NYFIRE or the constitution itself inconsistent with the plain mandate of section 181 (4). They clearly provide for the right of partial subscribership.

While North America clearly has the right of partial subscribership, can they copy NYFIRE dwelling class rate filings, adopt them as their own and file them as independent insurers with the department?

Mr. Murphy says yes and reasons the point in detail. NYFIRE, he points

out, argues it has a common law copyright and property right in its dwelling class rate filings because they are the result of considerable work and expense on its part. Unquestionably NYFIRE has expended large sums in developing its dwelling class rating sys-

America's Oldest---



AGENCY
CASUALTY MUTUAL

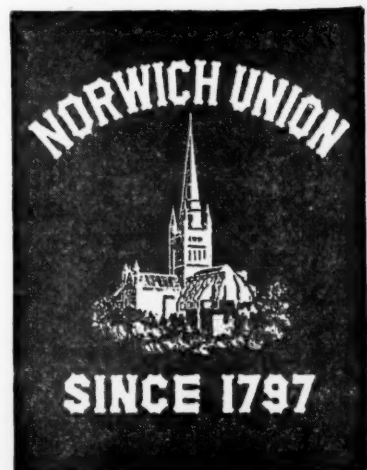
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Insurance thru AGENTS
SINCE 1880



tem including the preparation and maintenance of the town list.

On the other hand, Mr. Murphy writes, this department is not a court of law. It cannot assess civil damages against insurers doing business in the state and its injunctive powers are limited. He noted that North America has offered to pay NYFIRO the reasonable value of any NYFIRO data used by it and the offer has been refused.

NYFIRO takes the position it is entitled and required to determine who will use its work product and expresses the belief that the rating law itself prohibits NYFIRO from selling its services to non-members or non-subscribers on the ground that such sale would result, among other things, in an unwarranted evasion of the deviation section of the New York rating law.

The provisions for deviations are applicable to insurers as members of or subscribers to a rating organization, Mr. Murphy opined, and he points out that an insurer which files independently is not subject to the provisions for deviations.

Since the department does not have the power of a court of law he made no specific comment on what damages, if any, NYFIRO may recover against North America on account of the appropriation by North America of the dwelling class rate filings of NYFIRO. The department does not have jurisdiction over such a claim and NYFIRO does not seek damages but asks the superintendent to define the action of North America as an unfair trade practice.

In essence, NYFIRO charges that the action by North America violates NYFIRO's property rights, is not in compliance with the rating law and constitutes unfair competition.

Quoting section 184, subsection 3 of article 8 of the insurance law, the comments of the joint legislative committee on this portion of the law, section 184 subsection 4 of article 8 and again the joint legislative comments, an explanatory memorandum of the all-industry committee on rate filings, article 5 of NYFIRO's constitution, and by-laws 12 and 13 of NYFIRO, Mr. Murphy comes up with this question:

Do the quoted sections of the rating article entitle North America to file, as an independent, rates for the dwelling classes identical with those of NYFIRO?

Yes, he concludes.

First, he says, in 1948 the rating article was amended so that it does not

now prohibit an independent insurer from filing rates uniform with those filed by a rating organization. Second, in 1948 the rating article was further amended to permit an independent insurer to use any supporting data filed by a rating organization in making independent rate filings. Since the law now permits the use by an independent insurer of all supporting information filed by a rating organization, it follows that the law permits the use by an independent insurer of an end result of the supporting data, namely the rate filings themselves.

The rating article does not require an independent insurer which uses the supporting data of a rating organization to duplicate the rate filings of the rating organization, he concludes.

If NYFIRO's constitution and by-laws that bear on this point are intended to apply to more than the physical return of the data referred to, if they derogate the Murphy decision, they should be appropriately amended, he declares. He dismisses NYFIRO's arguments that it has a common law copyright and property rights in its work product as inapplicable because

they do not involve a statute similar to article 8 of the insurance law.

However, Mr. Murphy admits "it is not easy for anyone who respects property rights to conclude that they can be rightfully appropriated without the consent of the owner, especially by a competitor. Were it not for the plain mandate of the rating article reinforced by the legislative and economic philosophy evidenced by Congress in the anti-trust laws and public law 15, and by the New York legislature in the Donnelly act as amended, my conclusion may have been otherwise.

"However, examination of the legislative history and pattern since the SEUA case compels me to conclude that our legislature in enacting article 8 as amended in 1948 intended to encourage and facilitate reasonable competition in fire and casualty insurance. To accomplish this objective the legislature (1) stated unequivocally that nothing in the law was to prohibit or discourage reasonable competition, (2) enacted elaborate safeguards for the right of deviation, appeal by a minority, partial subscribership and independent action, (3) provided that an independent insurer might justify its

rate filings by the experience of other insurers or rating organizations, as well as by any other relevant factors, and (4) stipulated that any rate filing and any supporting information shall be open to public inspection after the effective date.

"It is recognized both by NYFIRO in its letter requesting this hearing and by the insurance department that the filing under review herein is merely a precursor of further independent and competitive action by North America in the dwelling class fire field.

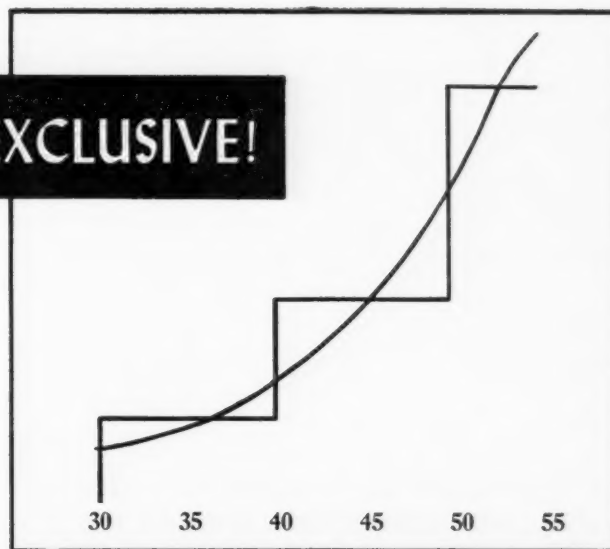
"It is therefore my conclusion that the actions of North America complained about herein are proper under article 8 of the insurance law and accordingly are not within the scope of article 9-D."

He noted that in casualty are many partial subscribers, and a number of independents have filed the rating manuals of a casualty rating organization. NYFIRO itself furnishes without cost rating data to other rating organizations.

NYFIRO points out, however, that its fire rating systems are much more

(CONTINUED ON NEXT PAGE)

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(CONTINUED FROM PRECEDING PAGE)
complex and expensive to develop and maintain than casualty rating plans and that the rating data furnished to the other rating organizations is with its consent. Admittedly fire rating is more complex and expensive overall than casualty rating but the main expense is in connection with schedule rated risks and practically all risks in the dwelling classes are class rated. In that respect they are similar to casualty risks. The same section under which NYFIRO cooperates with other rating organizations permits cooperation with independent insurers.

Mr. Murphy notes the relationship, particularly in fire, of partial subscribership and use of NYFIRO's rate filings for dwelling classes.

To permit partial subscribership and deny to the partial subscriber access to and use of sources of data to support its independent filing would be an obvious frustration of legislative intent. To require a partial subscriber to evolve at its own expense a town list might likewise set at nought a legislative mandate that competition shall not be prohibited or discouraged. It was entirely logical that the legislature provided in express terms that all data submitted to support rates be open to public inspection and that this data could be used by an independent insurer.

New York's anti-trust laws, he states, were in part designed to prevent the evils which flow from price fixing and the restraint of trade or competition. The insurance business in connection with SEUA at first sought and failed to obtain a complete exemption from federal anti-trust laws. Public law 15 is only a partial exemption in that it makes the anti-trust laws applicable "to the extent that such business is not regulated by state law". Even this exemption is subject to the further exception to the effect that nothing in public law 15 shall render the Sherman act inapplicable "to any agreement to boycott, coerce or intimidation or effect boycott, coercion or intimidation".

One purpose of P.L. 15, Mr. Murphy continues, was to permit insurers under the regulation of the several states to act in concert in rate making. Such activity would be illegal under the Sherman act. It was properly recognized by Congress that insurance is unique in that its cost cannot be exactly determined at the time of its sale since the cost depends upon future events which may or may not occur. Thus when insurers band together to make rates they also pool their experience with the result that the greater the experience base the more accurate the rate determination for the future.

On the other hand, nowhere has any attention been drawn to any statement by any responsible person that P.L. 15 and the all-industry bills were intended to continue either a practical or a theoretical monopoly by the local fire rating organizations of fire rating services. The rating law provides for reasonable competition.

Mr. Murphy states that his conclusions in this matter are dictated by the belief that the Congress and New York legislature intended that reasonable competition should exist in fire insurance. To his thinking the action of North America is reasonably calculated to achieve that and it is contemplated and permitted by the insurance law.

**Cincinnati U. to Offer
Two Evening Courses**

CINCINNATI—University of Cincinnati is offering two evening insurance courses this fall, in cooperation with Cincinnati Underwriters Assn. H. F. Schottenfels will be instructor in the first semester of the casualty course, which opens Sept. 27 and includes all casualty and surety lines except automobile, general liability and workmen's compensation. This is part of the two year cycle of elementary courses which has been given successfully for many years.

R. E. Fey will be instructor in a new course in insurance principles, starting the same evening. This course will follow the revised Insurance Institute of America program and is designed partially as pre-CPCU training. Messrs. Fey and Schottenfels are both active in the Cincinnati CPCU chapter.

Review discussion groups for Parts 3 and 4 of CPCU will be offered by the local chapter, with Mr. Fey as leader.

**Notes Direct Writers
Also Have Local Agents**

Harlan E. Smith, local agent at Danville, Ill., writes regarding the editorial in the *National Underwriter* Aug. 26:

I enjoyed reading this article. As usual it appears the local agent's only choice is to see more people and work harder.

However, I cannot help but notice that all general articles on the subject, including yours, seems to picture the direct writers, Allstate, etc., as sitting in Chicago, or some other area far removed from the line of fire and conducting their campaign by mail. Such is not the case. Right here in Danville we have several local representatives of the "competition." They, too, attend the clubs and the usual things that writers think all agents should do to be highly successful. These are "local" agents also of the direct writers such as Allstate, Hardware Mutuals, Preferred Risk of Iowa, etc.

The next time you write an article on this subject, I wish you'd tell me what we have that is really potent ammunition that the "local direct writer agents" don't!

Actually they are not direct writers in the sense you refer to them, for they have "local agents" making calls just as I do.

Of course I realize we have some small tools to our advantage such as being independent, etc., but it doesn't impress Mr. Prospect too much.

Set Chicago Fire Rate Class

Cook County (Ill.) Inspection Bureau is organizing a fire insurance schedule rating class at Chicago to study the latest edition of the Analytic System. Beginning Oct. 4, the class will meet Mondays from 4 p.m. to 6 in the auditorium of the Chicago Board. The class is open to all men and women interested in how fire insurance rates are established. Practical schedule rating problems will be provided.

Tullis to Jacksonville Agency

Don L. Tullis, formerly with J. Finley Tucker general agency at Jacksonville, has joined John Z. Fletcher & Associates local agency there. He was manager of the marine department of National Surety when the department was first formed. He went to Jacksonville in 1945.

Farm Bureau Bids in Bus Cover

Leo Myers, Farm Bureau Mutual Auto agent of Bellwood Manor, Va., received the contract for school bus fleet coverage in Chesterfield county, which includes part of Richmond. Low bid was \$2,392 for coverage on 68 school buses and other school board vehicles for a full year. This was the first time the school buses have been insured by public bidding.

ACCIDENT AND HEALTH

Bankers Security Has Supplemental A&S for Insured Groups

Bankers Security Life Of New York now is offering group supplemental or extended accident and sickness insurance, to be sold to members of those organizations that already have group A&S insurance. The most common form of Bankers Security cover supplements a 2-year non-confining sickness and a 5-year accident policy by extending the term of coverage to 10 years for both A&S.

Monthly indemnities to the amount of \$400 is available to men to age 50 at \$48 annually; between ages 51 and 55 at \$60 annually, and between 56 and 60 at \$72 annually. Rates for men for \$300 to age 50 are \$36 annually; between 51 and 55, \$45 annually, and between 56 and 60, \$54 annually.

Available to women up to age 50 and to men up to age 59 is a \$200 monthly indemnity policy selling at \$24 annually to age 50, \$30 annually between 51 and 55 and \$36 annually between 56 and 60. For \$100 indemnity available to all members up to 59 the annual premium to age 50 is \$12 a year; between 51 and 55, \$15 a year, and between 56 and 60, \$18 a year.

The company will renew the policy until insured becomes 61. The policy will not be renewed when insured voluntarily ceases to be actively engaged in the duties of his profession or occupation or if insured ceases to be a member of the organization that has the basic group contract. The insurer also reserves the right to decline renewal to all members of an insured firm by giving at least 60 days written notice before renewal date. A short application form must be completed by persons in a group who seek the extended insurance.

George J. Harrison, eastern superintendent of agencies of Bankers Security, is the home office executive in charge of developing this group extended A&S program. He received his training with Metropolitan Life and is a CLU. Leonard Zimmerman, Poughkeepsie, N. Y. attorney, is manager of the association group department.

Tex. Caravan Card Ready

The Texas A&H caravan sales congress will start in Houston Dec. 6, proceed to San Antonio Dec. 7, and wind up in Dallas Dec. 8. On the program will be Chester Elson, general agent Mutual Benefit H&A., Waterloo, Ia., president of the Iowa A&H association; John Galloway, general agent Provident L&A., Birmingham, Ala., past president of the International; R. L. McMillon, Business Men's Assurance, Abilene, Tex.; and R. W. Osler, vice-president Rough Notes Co., Indianapolis.

A & H Training School Plans

International Assn. of A & H Underwriters will conduct four leadership training schools in the western area during September under the direction of Leonard McKinnon, McKinnon & Mooney, Flint Mich., president, and William Coursey, managing director. The schools will use material used at a joint meeting of the western New York and Ontario associations.

Meetings will be held in Denver Sept. 16; Albuquerque, Sept. 16; Phoenix, Sept. 20, and Salt Lake City Sept. 21.

Messrs. McKinnon and Coursey are beginning their western tour at the annual meeting of the Bureau of A & H Underwriters Sept. 13-15. Mr. McKinnon will also speak at the Tri City (Portland, Seattle, Vancouver) sales congress Sept. 22.

Award for Bankers L&C.

A distinguished service certificate has been awarded Bankers Life & Casualty by the president's committee on employment of the physically handicapped for underwriting the costs of producing and distributing a new film, "America's Untapped Assets". The film is being used nationally to promote better public understanding of the desirability of employing physically handicapped workers.

Dubson Opens Own Office

Neal O. Dubson has resigned as vice-president and treasurer of Quaker City Life and is organizing an advisory service for insurers, with offices at 26

East Essex avenue, Lansdowne, Pa. He will specialize in insurance department relations.

Mr. Dubson formerly was with the Pennsylvania department as senior examiner and also has served as treasurer of Eureka Casualty and vice-president of Pennsylvania Casualty. He is president of Industrial Insurers of Pennsylvania and a former secretary of Life Insurers Conference.

Albany A&H Group Forms

Temporary officers have been elected by the newly organized Albany, N. Y., A&H Assn. They are Sidney L. Eisenberg of Troy, president; Louis Kaplan of Albany, general agent of Security Mutual Life, secretary, and Miss Margaret A. Smith of Schenectady, Thomas J. Kelly of Troy, and Robert H. Dwyer, Albany agent of U. S. Life, executive committee. Oakley Baskin of Buffalo, director of International Assn. of A&H Underwriters, spoke at the meeting.

A&H Club to Hear Murphy

Joseph F. Murphy, New York deputy insurance commissioner, will speak at the Sept. 28 meeting of Accident & Health Club of New York. Harry Miller, superintendent of the A&H depart-

ment of Great American, will be guest of honor. He is retiring after 25 years with the company. He is senior past president of the club and has been historian the past 25 years.

Heads A & H Agents Table

T. K. Mersereau, Monarch Life, Baltimore, has been named chairman of the leading producers' round table of International Assn. of A & H Underwriters. He is a past president of Baltimore A & H Association.

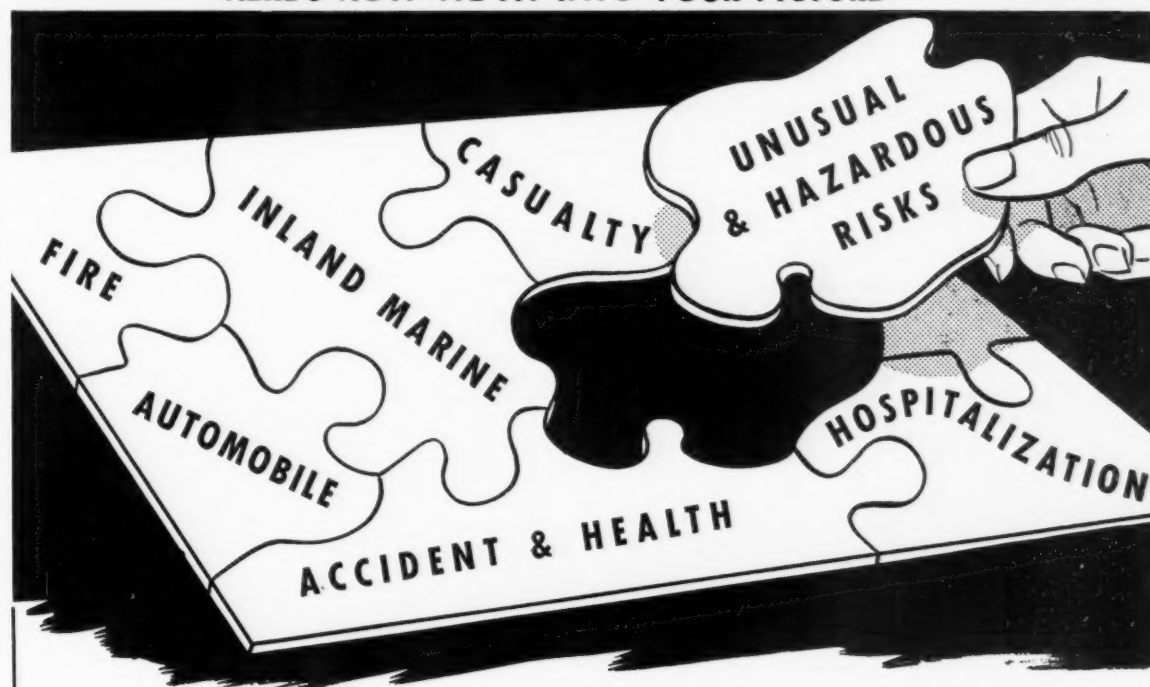
Va. Blue Cross Reserve Up

Reserves of Virginia Hospital Service Assn., Blue Cross affiliate, have increased from a deficit of \$49,702 to a surplus of \$281,776 in the past four months. They are still far below the \$1.5 million minimum reserve set by national Blue Cross. The deficit was wiped out by increases in hospitalization contract rates.

Stumpf Heads A&H Agents Unit

Charles B. Stumpf, Wisconsin general agent of Illinois Mutual Casualty, Madison, has been appointed chairman of the promotion committee of A & H Underwriter, a monthly bulletin of International Assn. of A & H Underwriters. Mr. Stumpf is a past association president.

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- PRIMARY & EXCESS PUBLIC LIABILITY & PROPERTY DAMAGE
- PERSONAL ACCIDENT INSURANCES—EXECUTIVES' TRAVEL, OVER AGE - WORLD WIDE
- WORKMEN'S COMPENSATION—EXCESS CATASTROPHE OR EXCESS AGGREGATE
- REINSURANCES ON INDIVIDUAL RISKS AS WELL AS TREATY BASIS
- AUTOMOBILE MATERIAL DAMAGE
- OPEN STOCK BURGLARY, ROBBERY, ETC.
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JACK CAGE & COMPANY — Managers

Arkansas Rates Hiked on Cotton Products

LITTLE ROCK—The Arkansas department has approved a rate hike on cotton products increasing the charge on short term policies from \$18.50 per \$1,000, with no minimum, to \$25 per \$1,000 minimum earned, using the \$5 blanket rate. The department had rejected an earlier filing by the Inspection & Rating Bureau.

The filing provides that a minimum three month term be effected, using the gin building short rate table in which three months equals 50% earned instead of 35% as under the old short rate table.

Poor experience and the trend for restricting lines by cotton products writers were given as reasons for the increase.

Stratton to Speak at Atomic Energy Meet

Reuel C. Stratton, assistant superintendent of the engineering and loss control division of Travelers, will take part in one of the panels at National Industrial Conference Board's meeting on atomic energy, Oct. 13-15 in New York City. The panel will discuss the extent of danger involved in reactor operation and how to achieve public acceptance of atomic installations in the community.

The conference will explore foreign progress and prospects for world-wide development of peacetime uses of atomic energy as well as review the status and outlook in the U. S.

NYFRO Engineers Retire

Robert D. Kelly and Gordon M. Gilkison, senior municipal protection engineers of New York Fire Insurance Rating Org., have retired. They have been in the engineering department at Syracuse.

Mr. Kelly joined the rating organization in 1918 and has become known as an authority on municipal fire protection. Mr. Gilkison has been with the organization since 1923.

Hartford A&I Raises Hood

William S. Hood, superintendent of the home office service department of Hartford Accident since 1952, has been appointed superintendent of agencies at Indianapolis. He joined the company in 1951, covering a section of the Indianapolis territory as an all-line special agent.

Charges Adjuster with Embezzling

A warrant has been issued in Charleston, W. Va., charging M. C. Koester, formerly a claims adjuster of American Fidelity & Casualty, with grand larceny. The warrant specified that Koester had embezzled \$64,000 from 1952 to July, 1954. He was said to have obtained the money by getting the company to issue checks to non-existent claimants.

Passaic County Agents Elect

Officers elected by Passaic County (N. J.) Assn. of Insurance Agents, at its annual meeting at Passaic, were Arthur H. Slack, president; Robert W. Coburn, vice-president and treasurer, and Mrs. Anna Z. Ritchie, secretary.

Revise Glass Rates in Fla., Colo.

Revised National Bureau glass rates for Florida and Colorado went into effect Sept. 8. The revisions result in a statewide reduction of 6% for Florida and an increase of 12% for Colorado.

G.A.B. Opens in Peekskill

General Adjustment Bureau has opened a branch at 212 North Division street, Peekskill. William R. Hunt, who has been at White Plains, will be manager, assisted by G. Howard Taylor and Robert L. Crumley, staff adjusters from White Plains.

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55 FIFTH AVE., NEW YORK

Balfour-Guthrie Forms New Insurance Division

Balfour-Guthrie & Co., Pacific Coast managers and general agents of San Francisco, have formed an insurance division following the consolidation of their fire and marine operations. The new division will handle all phases of general agency and company management affairs.

Terence A. Hill, vice-president of Balfour-Guthrie, is in charge of the new division at San Francisco, assisted by Clyde A. Nelson and George R. Jardine, assistant vice-presidents, and J. B. Larson, production superintendent.

The Los Angeles office is in charge of C. E. Hampshire, southern California supervisor, and C. L. Oliphant, is in charge at Portland, with W. H. Gascoigne, in charge at Seattle.

IAIABC Meets Oct. 3-7

The 40th annual convention of International Assn. of Industrial Accident Boards & Commissions will be held at the Chateau Frontenac, Quebec, Oct. 3-7.

Buffalo Agency Changes Name

The William F. Kimberly & Co. lo-

cal agency at Buffalo has been organized as a successor to Rumsey, Read & Kimberly agency. Officers are William F. Kimberly, president; J. Howard Smith and Frederick C. Ego, vice-presidents; and Harry A. Campbell, secretary. Offices are at 162 Franklin street. The business was organized in 1926 as Dexter P. Rumsey & Co., and the name was changed in 1941.

Travelers to Build in Mich.

GRAND RAPIDS—Bronkema Builders have been issued a permit to construct a \$335,000 two-story building to be occupied by Travelers. The construction firm will retain ownership of the building and Travelers will lease it for offices. It will be located facing Cherry street, with completion slated for next April.

A.F.I.A. Has European Meeting

American Foreign Insurance Assn. will hold a regional meeting at Scheveningen, Holland, for European managers after the marine insurance union meeting in Holland. L. C. Irvine, general manager, A. I. Terhune, superintendent, and William F. Stefurak, office manager, have gone to Holland for the meetings.

Oregon Grades Drivers in New Safety Program

In conjunction with Oregon's new traffic safety program, a point system for grading motorists has been adopted. Points will be assessed against drivers for traffic violations and accidents, the number of points varying with the severity of the violation or nature of the accident.

Motorists who receive six points receive a warning letter. A total of 12 results in the motorists being called for an interview and more than 12 may result in a driver's license suspension. The program also provides that any driver deemed responsible for an accident involving a personal injury or death will have his license immediately suspended. In addition, courts have been asked to assess a two-day jail sentence for conviction of driving while license is suspended.

Stevens to Talk in Washington

J. W. Stevens of the National Board at San Francisco will address a series of meetings during fire prevention week in Washington. During a town inspection of Sedro Woolley on Oct. 5, Mr. Stevens will address a meeting sponsored by the chamber of commerce and other civic groups. He will ad-

dress luncheon meetings Oct. 6, 7 and 8 at Aberdeen, Everett and Bellingham, respectively, the meetings being sponsored by the local associations of insurance agents.

Pacific Accountants to Meet

Nine panel discussions and work demonstrations will highlight the convention of Pacific Coast Insurance Accountants Conference, to be staged Oct. 19 at San Francisco.

Frank C. Colridge, Pacific Board general manager, and Commissioner John R. Maloney will be speakers.

Texas Membership at Peak

Texas Assn. of Insurance Agents concluded its fiscal year Aug. 31 with 2,389 agencies as members, an all-time high.

30-States Approve Truck Rates

Thirty states have approved a filing of Mutual Insurance Rating Bureau involving rate changes of pick-up trucks, delivery sedans, panel trucks and farmers' trucks in the automobile casualty manual, effective Sept. 1. The rate changes coincide with those filed by National Bureau.

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Light to H. O. Furlong Named by North America

Richard Light has been transferred from Denver to the home office of North America where he will be con-

nected with the business development department. He has been manager at Denver for five years, and is succeeded in that position by H. A. Furlong, who has been with the company for 30 years, traveling extensively in the east.

ACCOUNTS RECEIVABLE



"Don't count on your accounts receivable—unless they are insured."

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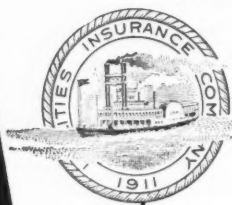
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Neb. High Court to Hear Case on Payment After Policy Expiration

Nebraska supreme court will hear the appeal of State Auto of Des Moines on the question of coverage under an automobile policy after expiration. This is the case in which the trial court held that State Auto should pay the insured for a loss incurred after the policy expired because the policy had always been renewed in the past.

Th insured, Christian P. Peterson, had an accident at 6:20 p.m., Dec. 1, 1951. The policy had expired at 12:10 a.m. the same day. Peterson contended in trial court that he bought the policy through F. W. Bloemkamp, a druggist, who sells insurance on the side. In previous years, Bloemkamp had notified Peterson that the policy was due and it was renewed with Peterson getting a bill. Bloemkamp testified in court that after reading of Peterson's accident he renewed the policy.

In its appeal brief, State Auto says: "Custom does not create obligation either in contract or in tort... If the rule adopted by the trial court is upheld, insurance companies will be held to an entirely new and additional obligation. Whenever a policy is dropped, the company will have to be prepared to prove the insured voluntarily dropped the policy or that the company gave him notice of the expiration date in time for him to get other insurance."

N. Y. Department Has Volumes 3, 4 Ready

The New York insurance department has published volumes 3 and 4 of examination of insurance companies. These include lectures on this general subject and constitute a comprehensive analysis of the evaluation of the financial condition of an insurance company, in volume 3, and such items as constitutional aspects of regulation, uniform accounting, examination procedures, credit insurance, and other phases of supervision, in volume 4.

The reserve question is dealt with in detail as respects life insurance and fraternal, claim reserves for various lines of fire, casualty, marine, etc.

The new volumes are available at the department, 61 Broadway, New York, at \$15 a set, and they are sold as a set. A limited number of sets of volumes 1 and 2 are available.

Mich. Okays Homeowners

Michigan has approved the comprehensive dwelling policy filings made by Michigan Inspection Bureau, National Bureau and Inland Marine Bureau as recommended by Interbureau, effective Sept. 8.

With the addition of Michigan, the filings have now been approved in 12 states, including Connecticut, Illinois, Indiana, Kentucky, Maine, Maryland, Nebraska, New York, Oklahoma, Tennessee, and Vermont.

Michigan Group Elects Nuttall

The Tri-County (Mich.) Assn. of Insurance Agents, consisting of agents in Iosco, Arenac and Ogemaw counties, has elected W. Ralph Nuttall as president. Other new officers are vice-president, Mrs. Esther Diebold, and secretary-treasurer, R. D. Church.

Pensacola Agents Elect

J. D. Adkinson, Pensacola, Fla. local agent, has been elected president of Pensacola Fire & Casualty Insurance Agents. Other officers are H. A. Brosnham, Jr., vice-president, and Howard McLean, secretary.

D. C. Agents Name Chairmen

District of Columbia Assn. of Insurance Agents named new committee chairmen at its first meeting of the season. They are Herbert M. Pasewalk, program; Charles R. Barker, Jr., membership; R. Kelvin Shivers, legislative; H. T. Beurman, educational; Joseph

L. B. Murray, Jr., casualty; Henry C. Young, grievance; Charles H. Joyner, publicity; Ralph W. Lee, 3rd, safety-fire prevention; Victor O. Schinerer, agents' advisory committee for property insurance; and William A. d'Espard, speakers' bureau. A National Board film, "The Wind and the Fury," and a production of General Adjustment Bureau on the handling of loss claims arising from the Worcester, Mass., tornado, were shown.

Claims Assn. Hears N. Y. Lawyer on Suicide Defense

(CONTINUED FROM PAGE 11)

of proof and once it is uncovered its existence should be perpetuated in positive form so it can be utilized in legal proceedings.

What applies in the Strasberg case on the ingestion of a drug could also be applied in cases where the death of insured was caused, admittedly, as a result of his committing an assault or felony, from his participating in police duty in a police organization, as a result of ptomaine poisoning or from the taking of poison or of inhaling gas, whether voluntarily or otherwise, or as a result of any bacterial infection or as a result of bodily or mental infirmity or from disease of any kind, if such risks were not assumed by the company in its double indemnity coverage.

Of course, he pointed out, it would be necessary that the non-assumed risks and the casual relationship resulted in the death of insured. This would have to be established by official record or documentary proof before the remedy of summary judgment would be available.

Form New Board in Missouri

MEXICO, MO.—The Mexico Fire Insurance Agents Board has been formed here with the following charter members: Audrain County Abstract Co., and Lawrence Barnes, Kemp-McMongile and Rodes agencies. The board is affiliated with the Missouri Assn. of Insurance Agents.

J. G. Terry Joins Fireman's Fund

James G. Terry has been appointed special agent for Fireman's Fund at Nashville. Mr. Terry, who has had several years' experience with the Tennessee Inspection Bureau, will be associated with State Agent Richard Bolling and Special Agents Larry Warren and Robert Wallace.

Shenango Valley Agents Elect

Henry S. Bieber of Sharon, Pa., is the new president of Shenango Valley Assn. of Insurance Agents. Other officers are J. M. Kulcheski, vice-president; and Mrs. Hallie R. Shilling, secretary.

Increase School Cover, Bus BI

Shenandoah county, Va., has increased fire insurance on all school buildings and bodily injury on school buses was raised from \$25,000 to \$100,000. Additional premium will total \$11,000. The insurance has been placed with mutual companies.

Agent Sells, But Didn't Buy

George D. Cordell, Concord, N. C., local agent, parked his car in front of a client's house and when he returned, found it crashed into a tree 200 feet away where it had rolled unattended. He did not carry collision insurance to cover the \$250 damages.

New Insurer for City Liability

American Casualty has cancelled its liability policy with the city of Stillwater, Minn., as a result of numerous sidewalk accident claims. Hartford Accident has taken over the line on condition that Stillwater carry out a sidewalk repair program.

FIELD

Cherokee Names Field Men, Alters Territories

Cherokee Ins. Co., of Nashville has appointed W. Rodney Barron state agent in Alabama with headquarters at 627 Frank Nelson building, Birmingham. For five years he has been with the Brame, Ward & Hancock general agency of Montgomery.

William H. Rhett, Tennessee state agent for a number of years, is assuming the duties of state agent in Mississippi with offices in Jackson.

Tennessee and Kentucky territories have been divided. McCauley Gray has been appointed state agent for eastern Tennessee and Kentucky. He formerly was with the Bransford, Sharp Co. agency in Nashville. His offices are at 206 West Clinch avenue, Knoxville.

H. Reams Osborne, formerly in Cherokee's underwriting department, has been named state agent in the remainder of Tennessee, with headquarters at the home office. Thomas B. Temple, state agent in the remainder of Kentucky for several years, will continue in that capacity.

Aetna Fire Names Hamm Harrisburg Special Agent

Thomas B. Hamm, Jr., has been named special agent in central Pennsylvania by Aetna Fire. He will transfer from the Philadelphia office, where he specialized in casualty and surety coverages, to Harrisburg, where he will be associated with State Agent A. S. Poffenberger.

Mr. Hamm joined the group in 1950, and after he was graduated from the multiple line school, he was assigned to Philadelphia.

Knott in S.E. Hail Post

George W. Knott has joined Fireman's Fund group as hail special agent with headquarters at Raleigh, N. C. He has been in the tobacco warehouse business and has adjusted losses for Crop Hail Adjustment Bureau. His new territory will take in all the southeastern states where he will assist Maynard C. Gardner, in charge of hail operations in that territory.

Name Avery in Ala.

Cyrus H. Avery, Jr., has been named state agent in Alabama by New York Underwriters. He succeeds Everrett P. Johnson, who is transferring to Georgia. Mr. Avery is the son of the late Cyrus H. Avery, a state agent in Alabama many years before he became an officer of the company in 1950.

Before joining the company, Mr. Avery was with Alabama Inspection & Rating Bureau. His headquarters will be in the Old South Life building, Montgomery.

Rejoins Seattle General Agency

Gerald M. Teeter has resigned as special agent for the New York Underwriters in Seattle and has rejoined McCollister & Co., Seattle general agency. Mr. Teeter left the agency in 1953.

Name Vanderbilt Mich. Special

Donald G. Vanderbilt has been appointed special agent in Michigan for Ohio Farmers. Mr. Vanderbilt has been in the fire underwriting department at the home office.

National Moves in Philadelphia

National of Hartford group's Philadelphia office has moved to larger quarters at 629 Chestnut street. General Agent Charles C. Foster continues to supervise the office, which services

eastern Pennsylvania, southern New Jersey and Delaware.

Phoenix Names Two to N. Y., Mich. Field

N. Richard Clayton has been named special agent in central New York and Chester F. Howkowski special agent in eastern Michigan by Phoenix of Hartford.

Mr. Clayton, who will supervise casualty and bonds business, will have offices in Onondaga County Savings Bank, Syracuse. Mr. Howkowski will assist State Agent Robert Ebersole and will be located at 148 Pierce street, Birmingham, Mich. He recently completed the company's trainee course.

Todd Joins F. S. James

Eugene W. Todd, for three years Illinois special agent for Scottish Union, has joined Fred S. James Co. at Chicago in an engineering position. An army veteran, he started in the business with Indiana Rating Bureau.

Ohio Fire Prevention Assn. will inspect Sidney Sept. 22, and Bellaire Sept. 29.

Frank Vawter Becomes State Agent in Ohio

Frank D. Vawter has been appointed southeastern Ohio state agent for Royal-Liverpool to succeed John W. DeCessna, who will go on leave of absence. Mr. Vawter, who has been in the southwestern Ohio territory for four years, will now have headquarters at Columbus.

Mr. DeCessna is leaving because of a health condition. He has been with Royal-Liverpool more than 30 years.

Phoenix-Conn. Names Hite

Phoenix-Connecticut group has named Durand B. Hite, Jr. special agent in Tennessee, with headquarters at Nashville. He will assist State Agent Jack Elvis. Mr. Hite recently completed the group's field training course at the home office.

St. Louis Pond Slates Barbecue

The St. Louis Blue Goose pond held a luncheon meeting Sept. 13. Most Loyal Gander Stan Bodman reported on the Grand Nest meeting which he attended. The pond will hold its annual stag barbecue Sept. 18 at Lemay, Mo.

Hartford Pond to Initiate

The newly-formed Hartford Blue Goose pond will hold its first official meeting Sept. 20. The initiation ceremony, to take place then, will be conducted by the ritual team of Penn pond, Philadelphia. Among the guests will be Alex Young, Hartford Fire, Kansas City, most loyal grand gander. The pond now has more than 100 members and 50 goslings.

CPCUs Head Ohio Program

Ohio CPCUs will furnish the program for the first meeting of Stock Fire Insurance Speakers Assn. of Ohio at Columbus, Sept. 20. Warren Weeks of the Tice agency will be chairman, and Professor John S. Bickley of Ohio State University will give a talk.

Brussel Heads Fla. Field Men

George H. Brussel, vice-president of Milton M. Spradlin general agency of Tampa, has been elected president of Florida Field Conference. He succeeds Charles A. Atkins, Tampa special agent of Hurt & Quin general agency of Atlanta, who resigned to join Hensley agency at Tampa as manager.

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Credit Cover Makes Major Insured's Program Complete

(CONTINUED FROM PAGE 25)

the accounts they were unable to collect.

The credit insurer may get a false picture of the credit risk of a prospect because a creditor of the prospective insured provides false or misleading information in his financial statement. Credit ratings are based on financial statements by Dun & Bradstreet and other credit rating organizations. In one case a credit insurer paid a \$50,000 loss to a leather firm which had extended credit to a shoe manufacturer based on a financial statement in which inventory values were not exactly as they appeared. In this instance, the shoe manufacturer had in stock a large supply of leather heels for children's shoes. Leather heels have not been used to any extent on children's shoes since the advent of special composition and rubber type heels. The shoe manufacturer based his financial statement partially on the leather heels in stock at their former value, though now they were practically worthless.

Such false information is a great problem to credit insurers, Mr. Bartlett said. Convictions on charges of falsifying information in a financial statement are extremely rare because most companies that have credit insurance simply want their money back; they don't want to go through a long law suit.

In addition to guaranteeing the soundness of accounts receivable credit insurance is sometimes used to facilitate the operation of a business. A short time ago a heavy machinery manufacturer, short of working capital, wanted to discount his accounts receivable at the bank to increase the liquidity of his assets for statement purposes. The arrangement was made possible only through credit insurance. The bank wouldn't go through with the deal without credit insurance to cover the manufacturer and the bank's interest in the receivables.

Neither of the two credit insurers has a standardized policy. Each contract is tailored to fit the particular situation. The coverage assumed depends on the credit ratings of the policyholder's accounts and the types of riders attached to the policy. A policy is issued only after the insurer makes an analysis of the credit ratings of insured's debtors.

When a manufacturer seeks a general credit insurance policy, he submits his books, annual statement, and list of debtors to the insurer. The insurer investigates. It may find that of the firm's debtors three have inferior cred-

it ratings and the others are 1-A, or top credit ratings. The policy will probably be written as a general policy on those creditors rated A-1, and the three poor risks will be covered by riders attached to the policy.

Each policy also takes into consideration the normal loss of the business. This is the percentage of credit loss, actuarially determined, a particular type of business can expect to lose through bad credits on a given amount of annual volume. When a loss occurs this normal loss figure is deducted. Unlike the usual deductible policy, the normal credit loss is deducted only once during a policy's term. It does not apply to any additional loss under the policy.

Also taken into account in figuring the premium is coinsurance. Under the contract insured participates to the extent of 10% or 20% of the net loss, the percentage depending upon the risk involved. The percentage can be higher at a premium saving. Some policies are written without coinsurance, but this involves a higher participation in the primary credit loss and a higher premium.

Contracts may be written to provide backward coverage or forward coverage. The backward coverage picks up claims on credit sales made within 90 days before inception of the policy. Forward coverage covers shipments made during the policy term on which there may be credit losses within 90 days after the end of the policy term. Both are written for one year.

Credit insurance can be used to create harmony between the credit department and the sales staff of a business. It makes possible constructive planning of sales and removes the fear of accounts becoming delinquent or insolvent. However, this has to be with reason. A firm cannot become careless with its credits.

In spite of the definite advantages of credit insurance to business as a whole, it is a tough line to sell for several reasons. For example, insurers cannot sell 100% of a risk because the business might then take undue advantage of the policy. But the greatest deterrent to sales is the unfamiliarity of agents with the line.

But of all types of coverage usually recommended for complete protection of a business, what form could be more important than the one that directly protects the money the business has earned and that is owed it?

Hardware Mutuals of Wisconsin has opened a policy-writing office in Syracuse, N. Y., bringing to 14 the number of policywriting offices operated.

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Convention Dates

- Sept. 19-22, Idaho Agents, annual, Sun Valley.
- Sept. 20-21, Michigan agents, annual, Pantlind hotel, Grand Rapids.
- Sept. 21, North Dakota Agents and Insurance Federation of North Dakota, joint annual, Minot, N. D.
- Sept. 20-21—Minnesota Assn. of Mutual Insurance Agents, St. Paul hotel, St. Paul.
- Sept. 21-24, Mutual Loss Research Bureau, Mutual Loss Managers' Conference, Statler hotel, New York City.
- Sept. 23-25, Nevada Agents, annual, Riverside hotel, Reno.
- Sept. 27-30, Western Underwriters Assn., semi-annual, 75th anniversary, Greenbrier hotel, White Sulphur Springs, W. Va.
- Sept. 29-Oct. 1, National Society of Chartered Property and Casualty Underwriters, annual, Palmer House, Chicago.
- Sept. 30-Oct. 2, California Assn. of Independent Insurance Adjusters, annual, Statler hotel, Los Angeles.
- Oct. 1-2, Colorado Insurers Assn., annual, Broadmoor hotel, Colorado Springs.
- Oct. 3-6, National Assn. of Casualty & Surety Executives and National Assn. of Casualty & Surety Agents, annual, Greenbrier hotel, White Sulphur Springs, W. Va.
- Oct. 3-9, Fire Prevention Week.
- Oct. 4-6, National Assn. of Insurance Agents, annual, Conrad Hilton hotel, Chicago.
- Oct. 16-19, Arizona Agents, annual, Pioneer hotel, Tucson.
- Oct. 18, Rhode Island Agents, annual, Sheraton-Biltmore hotel, Providence.
- Oct. 18-19, Ohio Agents, annual, Deshler-Hilton hotel, Columbus.
- Oct. 18-20, Wisconsin Agents, annual, Hotel Schroeder, Milwaukee.
- Oct. 21-22, Tennessee agents, annual, Peabody hotel, Memphis.
- Oct. 20-22, Insurance Accountants Assn., annual, Hotel Kenmore, Boston.
- Oct. 24-26, Missouri Agents, annual, Sheraton hotel, St. Louis.
- Oct. 24-26, Illinois Agents, annual, Leland hotel, Springfield.
- Oct. 25-26, Kansas Agents, annual, Baker hotel, Hutchinson.
- Oct. 25-27, California Agents, annual, Palace hotel, San Francisco.
- Oct. 24-26, Illinois Agents, annual, Hotel Leland, Springfield.
- Oct. 25-27, National Assn. of Mutual Insurance Agents, annual, Statler hotel, New York City.
- Oct. 25-27, National Assn. of Independent Insurers, annual, Chase-Park Plaza hotels, St. Louis.
- Oct. 26-27, Massachusetts agents, annual, Boston.
- Oct. 28, Connecticut Agents, annual, Hotel Statler, Hartford.
- Oct. 28-29, Nebraska Agents, annual, Cornhusker hotel, Lincoln.
- Nov. 3-4, Maryland Agents, annual, Baltimore, Lord Baltimore hotel.
- Nov. 4-5, Illinois Assn. of Mutual Insurance Agents, Kaskaskia hotel, La Salle.
- Nov. 9-10, Mutual Insurance Agents of New England, annual Boston.
- Nov. 10-12, insurance section, American Management Assn., Palmer House, Chicago.
- Nov. 15-17, Indiana Agents, annual, Claypool hotel, Indianapolis.
- Nov. 21-23, Kentucky agents annual, Kentucky hotel, Louisville.
- Nov. 29-Dec. 1, Southeastern Underwriters Assn., semi-annual, Pinehurst, N. C., Carolina hotel.
- Nov. 29-Dec. 3, National Assn. of Insurance Commissioners, midwinter, Hotel Commodore, New York City.

Home Employes Have Exhibit

Home held its annual garden show on the roof garden of the home office sponsored by the company's employee organization. All flowers and vegetables in the exhibit were grown by members of the club.

In recognition of 55 years of continuous representation of Maryland Casualty by the C. F. Hibbard agency, Milwaukee, a silver mounted plaque and a citation has been received by Edwin Eckstein, agency president, from W. T. Harper, chairman of Maryland Casualty.

The Dick Herber agency of Mount Vernon, Wash., has been purchased by Jerry King.




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EDITORIAL COMMENT

Agency Selling Is a Service to Insured

More now will be heard among agents and agency companies about selling and about how to sell, as competition increases. That there is quite likely to be more intense competition than ever before, in the time directly ahead, seems beyond question. The dollar rich years since 1940 have multiplied the number of companies and put lots of sinew on some that were pretty insignificant in the 1930s. At present, there are no major sources of new premiums, such as automobile financial responsibility laws and marked rises in price values.

There is bound to be a good deal more emphasis on selling in the days ahead. This is undoubtedly a good thing. There has not been a lot of sales promotion in the distribution of property insurance by agents for 10 or more years. This is said with full knowledge that many fine agents over the country have continued right through the period of good business promoting insurance in their own tested, successful way. But in the last decade and longer there has been a limited application of promotion principle and practice in the property insurance distribution. It is hard to see how there could be too much emphasis on selling, on the adaptation of good sales principles to the operation of the local agency. This is said in full recognition of the fact that distribution of life insurance is very substantially different from that of property coverages, and even more dissimilar to distribution in other merchandising fields.

"Selling" property insurance possesses real peculiarities and it will not necessarily resemble selling in any other business. It is a particular combination of knowledge, which at its best is so extensive and technical as to deserve the description "professional", which the agent must be able to demonstrate to the client's satisfaction that he can apply to a number of risks the individual or business has undertaken. And each individual and business differs quite a bit, one to the other, so that if an agent has 500 clients, he has multiplied the points at which he must possess and apply knowledge by a sizeable multiplier.

But in spite of the peculiarities in the distribution of property insurance, it should have more sales promotion, if the agent is to maintain his position in the distribution system. It is certainly a weakness of the agency system that with many insurers in his

office the local agent is, perhaps, too independent—a company (or companies) cannot secure from its "selling force", the local agents who represent it, anything like the response to which a good sales idea is entitled. This is assuming that the company can and has developed a good sales idea. This is not something that happens every day, but good sales ideas have been developed and it is discouraging work to go through the long and expensive process only to find that a few agents will use it. Both companies and agents could become more effective in this respect.

With a new product developed by the business generally it is somewhat the same story. Many agents take hold of it, but a lot of them do not do so until pushed by competition into protective action. In other words, if it pushes them, they distribute it.

Instead of a closely knit product-and-sales relation that is quickly responsive to competitive situations, the company-agency system constitutes a loose, somewhat mutually apprehensive relation that responds perhaps too slowly in meeting really tough competition. A new industry product often ends up with some of the agents jawing at the companies while the competition runs off with the marbles.

Yet selling is not a thing so tainted with the brass of the ordinary market place that the agent should recoil and avoid what is good in it for him, what it has he can adapt to his particular needs. For there is little doubt that he needs it. He shouldn't feel, as he sometimes appears to do, ashamed to sell.

It is a service to insured to sell him, if it is done properly, with due attention to the real peculiarities of property insurance protection. It is beneficial to insured and to the agent and his companies for which he is the sole distributing outlet. Who else is going to educate insured except the agent, and how else is he to educate insured in what is new for him or needed by him?

Unless the agent, on whom insured has been urged by the agent (and his companies) to rely for guidance advertises and sells to him the coverages he needs, in the amounts and under the arrangements sound and desirable for him, who is going to do it? The competition.

There are many ways the agent can do this—and undoubtedly for many insured has been doing it: mail stuffers, phone calls, personal letters or

personal calls. But the point here is that not enough of it is being done. And unquestionably much more of it is needed today than five years ago. A calendar is probably not good enough as a sales tool nor can it be applied frequently enough to do the job that needs to be done today.

Other businesses are revising and revitalizing their sales methods and stepping up their sales efforts. Can property insurance distribution escape the implications of an adjusting economy?

If the agent believes in his product, if he knows how it has proved of value to insured who had a loss, how can he fail to bring it to the attention of all insured on his books?

It is not going to be enough, now, to say that insured doesn't want to be bothered, that he can make up his own mind, that his needs are small and taken care of by a few small policies, that the agent does not have enough business or the chance of getting enough from many of his insured to make it worth while to do anything much or more than he is doing to be their agent.

There is no doubt that the agent cannot use sales promotion devices successful in other businesses, without modifying and fitting them to his particular needs. Not long ago a good agent tried a sales campaign among the inhabitants of several housing developments in a large metropolitan area. He planned the program carefully, selected items to promote with intelligence, put on good solicitors, and worked the program hard. He got practically nowhere. Selling insurance is a process that takes longer than selling in many other fields. It has to be mixed with a lot of education and service and friendliness. The agent cannot be too quick or too high pressure. But if selling has to be of a different character in insurance, it is certainly no

less essential because of that. There are some remarkable illustrations in recent years of property insurers that have achieved astonishing success by asking people to buy.

Things need to be done, perhaps, to product and price. They constitute another subject than the one under scrutiny here. However, it should be pointed out that even if the assumption were correct that insurance is the same thing, company to company, and therefore price is the key difference, it will not be effective for agency companies to bring their product within the price range (often said to be 10%) of direct writers, if the agents then do not vigorously and effectively distribute the product.

This means bringing the product to the attention of the buyer under favorable conditions and doing so frequently enough so that the buyer is not deciding the issue of whether or not to buy exclusively on the presentation of the competitor.

The agent doesn't want this. His companies can't stand it.

The agent has a great many items on his shelf. He has a vast amount of detail to handle. But he needs to get out more than ever. Perhaps he needs first to think out the problem. If he isn't reaching insured and some new prospects right along, he is leaving his business exposed, and there are plenty of competitors around to take advantage of the situation.

Business goes to the enterprise that asks for it.

The agent's competition is not waiting for business to come in. It is not only discounting the price but is asking people to buy.

To make real competition for the competition, the agent needs to apply himself at the point of sale, the prospect and client, and exert the advantage he built into his business when he started in it.

PERSONAL SIDE OF THE BUSINESS

John C. Weghorn, New York City agent, will address the annual convention of National Automatic Merchandising Assn., Oct. 13 in Washington, D. C. He will speak on protecting a business with sound operational insurance.

V. J. Skutt, president of Mutual Benefit H.&A., has been elected a director of Omaha National Bank.

Raymond D. O'Brien & **O'Brien** and Direct Service Corp. of New York, Hartford and London, sailed on the *Queen Elizabeth* for an extended trip to insurance centers of the

world. He will be at London Lloyds for a month and then will go to the Netherlands and Scandinavia.

Bion H. Francis, insurance manager of Olin Industries, New Haven; **Will F. Nicholson**, president of A. D. Wilson & Co., Denver; and **John A. North**, president of Phoenix of Hartford, have been appointed to the insurance planning council of American Management Assn.

Harry S. Avery, National Board special investigator at Nashville, has been named campaign chairman of the 1955 cancer crusade there.

W. Henry Trotter, Chattanooga local

THE NATIONAL UNDERWRITER

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agent, has been appointed to head the big gifts division of the Chattanooga and Hamilton community chest campaign.

THE NATIONAL UNDERWRITER last week gave undue credit to **Richard T. Wagner** for the birth of **Shawn Marie Kelly**. Mr. Wagner is the grandfather of **Shawn Marie**, who was born Aug. 31 to his daughter.

R. K. Phelps, manager of Illinois Inspection Bureau, after being hospitalized for some time with infectious hepatitis, is convalescing at his home and expects to return to his office soon.

DEATHS

HARRY E. REARDEN, 67, agent and broker at Culver City, Cal., died of a heart ailment at Santa Monica hospital. Mr. Rearden started in insurance at Chicago, moving to Los Angeles in 1931. Eight years ago he purchased Glenn Davidson agency at Culver City and lately had operated the business in partnership with one of two sons, James H. A brother, William B. Rearden, is executive vice-president of Loyalty group.

BOAZ C. FISCHER, 66, executive vice-president of Investment Insurance agency of Los Angeles, died at his home. He had been in the business for 50 years, the last 15 with Investment agency. Most of his insurance career was with National Fire at Los Angeles.

JACK RICHARDS, 44, Longview, Wash., agent, was killed in a plane crash in which his wife was also a victim. The crash occurred on the Continental Divide near Helena, Mont., shortly after the Richards took off with two friends in a privately owned plane. Mr. Richards entered insurance in 1948.

ROBERT A. SQUIRE, 70, partner with his brother, R. W. Squire, in the W. H. Squire agency of Meriden, Conn., died.

MRS. PAULINE SMITH, wife of Raymond T. Smith, vice-president at Chicago of A. M. Best Co., died at St. Luke's hospital, Chicago.

COMPTON JOHNSON, 48, metropolitan casualty manager at Los Angeles for Founders, died at his home. He attended Western Reserve University at Cleveland, and was with Pacific

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 S. LaSalle St., Chicago, Sept. 14, 1954

Aetna Casualty	3.00*	174	177
Aetna Fire	2.40	71½	73
Aetna Life	2.50*	146	148
Agricultural	1.60	34¾	35¾
American Equitable	1.70	34¾	36
American Auto	2.00	54	56
American (N. J.)	1.10	30	31½
American Motorists	.24	11	12
American Surety	3.00	68	70
Boston	1.40	41	43
Camden Fire	1.10*	27¾	29
Continental Casualty	2.60	167	171
Crum & Forster com.	1.80	61¼	63
Federal	.60	33¾	35
Fire Association	2.20	53¾	55
Fireman's Fund	1.80	69½	71
Firemen's (N. J.)	1.00	36½	37½
General Reinsurance	1.80	44	46
Glens Falls	2.00	74½	76
Globe & Republic	.90	18½	20
Great American Fire	1.60	38	40
Hartford Fire	3.00	171	173
Hanover Fire	1.80	45	46½
Home (N. Y.)	2.00	44	46
Ins. Co. of No. America	2.25*	101½	103½
Maryland Casualty	1.20	34¾	36
Mass. Bonding	1.50*	29	30
National Casualty	1.50*	33	Bid
National Fire	3.00	99	102
National Union	2.00	48	50
New Amsterdam Cas.	1.50	50¾	52
New Hampshire	2.00	44½	46
North River	1.40	35	36½
Ohio Casualty	1.55*	72	74
Phoenix, Conn.	3.40	92	94
Prov. Wash.	1.50*	30¾	31¾
St. Paul F. & M.	1.00	45¾	47
Security, Conn.	1.70*	45	46½
Springfield F. & M.	2.00	54¾	56
Standard Accident	1.80	64¾	66
Travelers	19.00	1410	1430
U. S. F. & G.	2.00	79	81
U. S. Fire	1.80	48	50

* Includes Extras.

Employers and Employers Liability before going with Founders.

GEORGE A. JEWSON, 64, manager of Marathon agency of Wausau, Wis., for 10 years, and for 12 years previously with Manson agency there, died of a heart attack.

GEORGE W. CLINARD, SR., 87, a local agent at Springfield, Tenn., until his retirement Sept. 1, died there. He had been in the business for 36 years until selling his agency to Dorris & Keele.

EDWARD H. SMITH, 87, for 63 years in insurance in Cleveland and since 1915 a local agent there, died.

JOHN H. STEINBRINKER, 84, treasurer of Mutual Fire of St. Charles, Mo., died there. He had been mayor of St. Charles in 1917-18.

LEWIS P. BUCKNER, associate actuary of John Hancock, died suddenly. A graduate of Massachusetts Institute of Technology and fellow of the Society of Actuaries, he had been with John Hancock since 1941, after having been with New York Life's actuarial

New Chapter on Broad Dwelling Risks Appears In "Practical F.&C."

A new edition—the sixth—of J. Edward Hedges' "Practical Fire and Casualty Insurance," published by The National Underwriter Company, came off the presses this week.



J. E. Hedges

Professor Hedges' book enjoys a double distinction. It is one of the most widely used class and group study texts in the field. Additionally, it is to be found on the desks of thousands of insurance men who use it as a means of refreshing their memories on given coverages quickly and economically.

The secret of the book's success is suggested by the word "practical" in its title. The author, an acknowledged authority, accomplishes the marriage between theory and practice with facility which is often envied. His work as professor of insurance at Indiana University, coupled with such activities as the chairmanship of the educational committee of Indiana Assn. of Insurance Agents, active participation in the American Assn. of University Teachers of Insurance (he was secretary for a number of years, editing the highly respected journal of A.A.U.T.I.) and as an instructor in both C.P.C.U. and C.L.U., has established his intimate knowledge of principles. His habit of staying in close touch with producers, company executives, claims and field men has supplied the abundance of practical thinking which is reflected in the book.

"Practical Fire and Casualty Insurance" is revised frequently to avoid the common difficulty with bound volumes, that information gets out of date

staff for a number of years. His father was Walker Buckner, former executive vice-president of New York Life, and his uncle was Thomas A. Buckner, president and later chairman.

WILLIAM B. M'COY, 88, local agent at Boston and Cambridge until his retirement about 10 years ago, died suddenly at Mount Auburn Hospital, Boston.

CLEVELAND A. MUSSELWHITE, 69, local agent at Greenville, N. C. for 20 years, died.

as changes occur in forms, rules and approaches. In the new edition, as an example of this, there is a completely new chapter devoted to the field of broadened dwelling risks protection. The rapidity with which the new residential all risks, broad form and package contracts have established themselves in the business has, in effect, sent insurance men everywhere "back to school." Professor Hedges' book is the only text now available which contains up-to-date information on this subject.

Among the other notable changes which are reflected in the sixth edition are the new standard workmen's compensation policy slated to become effective in most states within a few weeks (the text of the policy appears in the appendix), substantial changes in business interruption, including the "no-coinsurance" earnings form, an almost entirely altered approach to a number of the important burglary manual coverages, automobile rating plans, scores of inland marine revisions, the effects of several sweeping revisions in the liability manuals and revamped glass manual rules.

The revised edition of "Practical Fire and Casualty Insurance" is available at the home office of The National Underwriter Company, 420 East Fourth Street, Cincinnati 2, Ohio, or from any of the publisher's field offices. Six copies may be purchased at \$3.75 each; 12 copies, \$3.65 each; 25, \$3.50 each and the per copy price for 50 books is \$3.30.

N. Y. Buyers Meet Sept. 23

Paul E. Britt, 2nd vice-president group sales department Connecticut General Life, will discuss "Continuing Hospital Benefits for Retired Employees" at the first fall luncheon meeting of the New York chapter of National Insurance Buyers Assn., Sept. 23.

Bellingham Elects Hal Arnason

Bellingham (Wash.) Assn. of Insurance Agents has elected Hal Arnason, Jr., president to succeed Boyd Talbott. Other officers are Duff Sutherland, vice-president, and Anne Byrnes, re-elected secretary.

Clinton R. Cotton, manager of Investment Insurance agency of Los Angeles, has been elected executive vice-president and a director. He replaces Boaz C. Fischer, who died last week.

St. Paul F. & M. has purchased four parcels of land in downtown St. Paul near its home office building for future expansion.

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Continental Casualty Is Mailing PR Booklet to 150,000 Agents

Continental Casualty group is in the process of sending to more than 150,000 fire, casualty and life agents copies of its booklet entitled *Growth Through Leadership*, a history of Continental group.

The book is designed to emphasize to agents the prominence of the Continental companies as the largest and most successful multiple line group west of Hartford, and stresses that it offers a complete range of coverages.

The book is attractively gotten up in three colors, and gives a resume of the four Continental companies—Continental Casualty, Continental Assurance, Transportation and United States Life.

O'Connell Warns That Direct Writers Really Work

(CONTINUED FROM PAGE 3)

decide that direct-writing and captive agent competition must be defeated, and instruct us to bring this situation to pass regardless of consequence, a simple announcement that we herewith surrender our sovereignty would do the trick," said Mr. O'Connell.

There is no gadget in the competitors' bag of tricks that is the least mysterious, he said. He listed features of the agency system that surrender of sovereignty would wipe out: "Ownership of expirations? Well, we would have to agree that we lay claim to them only during our period of 'good' behavior. Retention of records? Obviously, the company couldn't fool around having a lot of duplication in agents' offices all over the United States when a single punch card operation is cheaper in the long run.

"Agents election of risks? Absurd. The underwriting company reserves the sole right of acceptance or rejection . . .

"Compensation? Agency remuneration shall be determined solely by the company and shall apply only to the

original policy. Thereafter the 'agent' shall receive only two-fifths of the amount paid him for his initial effort . . ."

The temptation is great to run helter-skelter in the face of each new competitive approach, he said, to descend to the lowest competitive level without consideration for the consequences. Any device adopted to attract the new account or to retain the backslider must also apply to all of the tried, true and satisfied clients who make up by the far the major portfolio of any successful agency.

The occasion for panic does not exist. Competition, although intense, is by no means crippling and it would be false to the agents' trust in their national association to encourage in any degree the liquidation of that set of principles known as the American agency system.

Mr. O'Connell praised Archie M. Slawsby, Nashua, N. H., who succeeded him as chairman of the property insurance committee of NAIA. Mr. Slawsby, he said, is "one of the prime A-1, super-duper bargains we are all getting just now . . . He succeeded me as chairman of this committee and he wasn't in office for 30 days until I was relieved of any idea I may ever have had that there is such a thing as an 'indispensable man'."

Plan Several DISC Schools

Disability insurance sales course schools will be held at Chapman Park hotel, Los Angeles, Oct., 4-6; Michigan State College, East Lansing, Oct. 28-30, and at Illinois Tech., Chicago, to run for 10 weeks beginning Oct. 27. Schools in Minnesota, Nebraska and Texas are in the planning stage but definite dates have not been arranged.

The school at Los Angeles essentially will be a one-company affair, since Midland National of South Dakota will enroll 35 to 40 men. However, enrollments will be open to Los Angeles area agents. The Chicago course will be held in the evenings, with Irving G. Wessman, Loyalty group, as chairman.

A&H Is Long-Term Social Issue, Neal Warns

(CONTINUED FROM PAGE 2)

insurance of A & H, and the amendment of the social security law to include a "freeze" on wage credits of permanently and totally disabled persons.

Prior to this Congress, A & H people had relatively little contact with the federal government. There had been a failure to appreciate the new power that was building up to effect state regulation of insurance.

The recomittal of the reinsurance bill was a complete surprise to almost everyone, Mr. Neal said. It was the result of the coalition of liberals and conservatives, the liberals voting for recommitment and because they felt the bill was not liberal enough, and the conservatives because it was too liberal. However, the business has not seen the last of this measure, he warned. It is part of the administration's announced program and the President was disturbed that it failed.

The companies have cooperated with the FTC, and this group is completing its investigation of advertising preparatory to writing a report. It is not known whether this will be a public or private document or what the general nature of the findings will be.

The social security amendments increasing the taxable wage base, increasing benefits, and freezing benefits for a worker with total and permanent disability "pretty well removes social security from the category of its original purpose," Mr. Neal observed. Noting the ease with which these amendments were adopted, he wondered if it isn't a short step to include benefits for temporary total disability, and even to provide hospital and medical care.

All of these government activities required an industry policy, which had to be organized under the pressure of time and with the understanding of several trade associations. The business acted quickly, forming a joint committee on health insurance which had as its job the policy in regard to the reinsurance bill, but which also will carry on studies to streamline policy making, regulation and self-regulation of A & H, and the adequacy of the product.

A Washington office was set up with Mr. Neal as counsel. He said the new office has had its way smoothed by the assistance of Life Assn. of America and American Life Convention. It is the aim of the Washington office to use the objective approach rather than a stubborn negative attitude. The latter, he said, does not win too many friends and will ultimately cease to influence many people. The prestige of the business in Washington would be reduced to nothing and render the office ineffective.

Mr. Neal said he feels the sound way is to recognize that legislation has its origin in political pressures and the best result can be obtained by consultation and cooperation, guiding the pressures into proper channels.

Kokomo Board Elects

Kokomo, Ind., Insurance Board has elected Earl W. Killingbeck president; John L. Kiley vice-president; and G. W. Gower secretary and treasurer.

D. W. Harrel & Co., Camden, Ark., celebrated its 25th anniversary with the opening of new offices. The agency began in 1929, headed by Don W. Harrell, former mayor, as East & Harrell, later becoming Harrell-Haynie. Now associated in the business are J. A. Womach and C. W. Harris.

Edna Hurricane Losses May Near \$40 Million

(CONTINUED FROM PAGE 1)

caused by wave wash. There are instances where the basements and foundations of buildings were completely washed out and the buildings collapsed. This damage, of course, often is under the flood classification, and is not covered.

Crum & Forster reported that it has not yet felt the effects of Edna so far. Losses are coming in on Carol but not so heavily as anticipated. It was indicated that the \$50 wind deductible requirement in several of the New England states has had some effect on the number of losses. Losses are averaging more than \$100, however, which is higher than the average of the 1950 windstorm.

National Board is continuing its work from its supervisory offices in Providence and Boston, established after the first hurricane. No damage estimate was available from the board Tuesday afternoon.

Chubb & Son said that Edna was not nearly as severe as Carol yachtwise and the losses apparently are going to be much fewer in number and dollar amounts. Losses from Carol, however, continue to grow and will probably reach \$5 million aggregate.

One Boston paper reported that total claims for both stock and mutual companies will probably be settled for between \$60 million and \$65 million, which is much lower than the \$100 million which has been reported. The difference in opinion of losses caused by Carol is also apparent in National Board, which has revised its estimate of \$38.5 million to \$60 million and General Adjustment Bureau has given estimates of \$80 to \$100 million. Tuesday morning a spokesman for GAB gave the \$100 million estimate.

Claims to be paid by the 250 stock companies represented by National Board will probably be about \$40 million, according to one Boston adjuster, who also estimated that the 25 mutual companies writing in the area, that clear claims through Mutual Fire Assn. of New England, will pay 50,000 to 75,000 claims at an average of \$300 each. In addition two mutual companies who handle their own claims will pay about 10,000 losses.

Ala. Okays Auto Filing

New rates and premiums on automobile material damage coverage have been approved in Alabama, effective Sept. 20. The filings, which will result in annual savings of \$500,000, were made by National Automobile Underwriters Assn. Private passenger automobile comprehensive and \$50 deductible collision are unchanged, \$100 deductible collision is decreased 11%.

Farmers' private passenger vehicles coverage has been reduced 20%, commercial local hauling fire, theft, comprehensive and collision are down 10%, and commercial intermediate and long distance hauling is down less than 1% because of a reduction in the comprehensive loading charge.

Cassedy Special Agent

James W. Cassedy, III, has been appointed special agent at Washington by Hartford Accident. His territory will include District of Columbia and neighboring sections of Maryland and Virginia. He joined Hartford Accident in 1947 at Washington and has had experience as an underwriter of all casualty lines written by the company.

A. M. Zipprodt of Alamosa, Col., has closed his local agency at LaJunta and transferred his operations to Alamosa.



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MARINE UNDERWRITERS SINCE 1872

All-Industry Group to Overhaul Michigan Code

LANSING—A two-step recodification and modernization of Michigan's insurance laws will be undertaken over the next two or three years, it was decided Tuesday at a meeting of a special committee called together by Commissioner Navarre.

The committee, made up of 26 members representing every segment of the business, discussed the program sketched by the commissioner and agreed on rough outlines of procedure. It was decided that an all-industry committee, probably a subcommittee of Tuesday's group, will be designated to meet with Robert Williams of Williams & Williams, Seattle, who will be retained to go over the present code. He will seek to realign and systematize the various sections into logical and simplified form and this "new code" will be presented for reenactment by the 1956 legislature. No actual change in the law's philosophy or major provisions would be undertaken in this initial phase of the program.

Mr. Navarre said the second step in the project, however, would be to trace down inconsistencies and incongruities in the law. These corrections and any other needed changes would be embodied in a subsequent broad amendatory bill. Some minor corrective action might be undertaken, he indicated, at the 1955 session which convenes in January, but the bulk of it would not be attempted until after the legislation had been adopted putting the code into proper form.

The all-industry committee is to include representatives of stock, mutual and reciprocal insurers, independents, bureau and conference and life companies.

In addition to the commissioner the department was represented by John Wickstrom and L. H. Sanford, deputies, and M. M. Moule and Myron McMillan, assistant attorneys general.

New York Probe Uncovers Heavy Evidence of Rackets

(CONTINUED FROM PAGE 5)

Mr. Geiger did not inform the employer trustees of this additional insurance, nor did anyone else.

No sooner had Mr. Geiger accomplished this than he realized that he had gone beyond his authority in making the union liable to further losses. He then decided to have his brother-in-law, Joseph Garbera, a New York City subway signalman, assume the liability of the union for all losses. In return, Mr. Garbera would receive all refunds by the insurance company. In three years these have amounted to more than \$18,000.

Mr. Garbera qualified himself as an insurance as well as a subway signalman and since 1951 has received more than \$19,000 in commissions from John DeFeo of the Cardinal agency for his assistance in securing the business of Local 804. Mr. Garbera has specialized in this account and has not written any other business.

Samuel Rosenzweig, director of the welfare fund of CIO local 923 of the United Culinary, Bar & Grill Employees, testified that of \$477,404 contributed by employers since the inception of the fund, \$166,242 was expended in administration and only \$126,009 was actually paid in insurance premiums. Of the

\$166,242 in administrative expense, Mr. Rosenzweig received \$79,239, or 47%, and the assistant administrator Mary Gillice, received \$30,031.

The employers who contributed the money to the welfare fund had no voice in its administration and were entitled to meet once a year and receive a report from Mr. Rosenzweig. The employers had no right to criticize or reject the report. They did not know of Mr. Rosenzweig's income derived from the fund.

When asked by THE NATIONAL UNDERWRITER whether the investigation would result in stricter laws governing insurance companies and agents, Deputy Superintendent Straub said the laws governing insurance companies and agencies have proved to be generally adequate. There is, however, a definite need for legal control of the health and welfare funds which purchase the insurance. At present the trustees of these funds do not come under the legal definition of a fiduciary trustee and are not limited to legal fiduciary investments.

As evidence of the present adequacy of laws controlling insurance agencies, Mr. Straub cited two agencies whose licenses have been revoked, also another—the Alcor agency, operated by Alphonse Corcillo, involved in the maneuverings of Thomas Lewis, slain union leader—for which a decision is expected soon, and the Cardinal agency, whose dealings are under scrutiny by the district attorney. Action on the Cardinal agency has been deferred pending the district attorney's decision.

Added Features for NAIA Convention

Added speakers for the annual convention of National Assn. of Insurance Agents Oct. 4-6 Chicago, include H. W. Mullins, Rockford, Ill., executive vice-president of the Illinois association, who will participate in the sales forum set 9:30 a.m. Tuesday, on inland marine, field for professional insurance service. H. Herbert Corson, Nashville, vice-chairman of the NAIA metropolitan and large lines agents committee, will moderate the panel.

Coord. F. Roosen, vice-president, Wirt Wilson & Co., Minneapolis, at the continuation of the sales forum Tuesday afternoon will discuss survey selling in a talk entitled "Make 'Em Hungry."

"What is the Future for Rural and Small Lines Agents?" will be discussed by Kenneth A. Young, Blue Earth, Minn., Rush Carter, vice-president and manager of the western department of Aetna Fire, will explain why "There is a Bright Future for the Rural and Small Lines Agents."

A casualty insurance panel, which Joe H. Bandy, Nashville, chairman of the NAIA casualty committee, will moderate, is on tap at 9:30 a.m. Wednesday. The first part will be devoted to a review of broad form liability insurance with the following agents handling phases of it as follows: Comprehensive general liability, Thomas A. Harman, Seattle; storekeepers liability, David J. Brewer, Greenwood, Miss.; and farmers comprehensive personal liability, William L. Kline, Hutchinson, Kan.

The second portion of the panel will be devoted to the future of the casualty business and will feature Ferd M. Cook, vice-president of American Automobile; Thomas O. Carlson, actuary of National Bureau, and Joseph Gelcher, San Diego.

Must Convince Public, Knight Tells Cincinnati A & H Unit

Harland L. Knight, agency vice-president, Paul Revere Life and Massachusetts Protective, in speaking on his subject of "Nonsense but True," told the September meeting of the Cincinnati Assn. of A & H Underwriters that "there is never a time when you can fool all the people on anything, because there is one person you will never be fooling, and that is yourself."

He gave examples of "sales talks" by barkers for three different carnival attractions: (1) one barker is a little ashamed of what he sold and the buyer is a little ashamed of what he bought; (2) another sold a show that the buyer at least was not ashamed of having seen and just might recommend it to his friends; (3) and the one whose promise was more than true and, in

fact, resulted in the buyer having thought he had received more for his money than he expected.

"We are in that type of selling," he said, "where we must convince the public that what we are doing is right. Make them understand and feel that what they have bought is the right merchandise."

He was introduced by Robert G. Myers, Cincinnati general agent for Paul Revere Life and Massachusetts Protective, who, as coworker with R. W. Bickelhaupt on the speakers committee for the Ohio association's sales caravan in October, also announced that the caravan would be in Cincinnati with a "capsule sales convention" on Oct. 20.

President M. Carl Shinkle announced a three-month membership drive in which all members will participate under captaincy of executive board members. The winning team will receive a free luncheon, with champagne, at the December meeting.

adequate protection

The handsome edged weapons of the Scottish Highlanders were extremely effective in the days when hand-to-hand fighting was the mode of combat. With changing conditions, however, they have become completely inadequate. Insurance protection, too, no matter how well designed for its day also becomes obsolete if it is not adjusted to current conditions. Caledonian takes pride in the up-to-the-minute protection its agents give policyholders.

A long, single-edged, triangular blade, without a guard, and a cylindrical, knotwork-carved grip, surmounted by a circular, flat-topped pommel distinguish the Highland Dirk.

the Caledonian Insurance Company

Founded 1805

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Oldest Scottish Insurance Company

Bureau Adopts Practices Code

(CONTINUED FROM PAGE 2)

Metropolitan Life; Graham Watts, Royal-Liverpool group; Carroll J. McBride, Travelers; and Clarence C. Clarke, Zurich.

The new bureau code of practices contains seven articles and four subsections. Among the highlights are:

Requirements that companies weigh policy contracts, coverages, claim practices, underwriting practices, training and selection of agents, sales methods, and advertising on the basis of satisfying the public's need of a product of potential value; of fair, reasonable, informed, and courteous service.

Express policies in as clear, direct, unambiguous and simple terms as possible.

Establish the acceptability of policies at the time of application, in an effort to cut down cancellations.

Pay all just claims courteously and promptly.

The bureau practices code is designed to present a planned program of policies and conduct for the member companies. It is hoped it will build public confidence and increase understanding of the business.

The vote was unanimous, and as a means of enforcement, the bureau's constitution was amended to make membership conditional on acceptance and observance of it.

The bureau also voted to revamp its assessment system, adopting a proposed new formula of allocation based on all lines of A&H written.

The meeting was opened Sunday afternoon with an informal reception. Lead-off speaker Monday morning was Commissioner Luke Kavanaugh of Colorado.

Citing figures from a survey of current business, Edmund M. McConney, president of Bankers Life of Iowa, showed that the public's spending habits today differ little from those 15 or 25 years ago. Approximately the same amounts are spent for basic items such as food, clothing, transportation and recreation, though there has been an increase since 1929 in the percentage of savings.

The task ahead of the insurance man, according to Mr. McConney, goes far beyond competing for the personal expenditure dollar of the consumer. First, there must be opposition to extension of involuntary governmental attempts to take care of all needs. Also, as only a small percentage of medical and burial costs has been split among the many by means of insurance, there is a great market for A&H. Because the consumer is still

"savings-minded," insurance must more strenuously compete with other forms of savings, particularly those which do not have the element of protection in the event of death.

J. Henry Smith of Equitable Society discussed problems of voluntary health insurance, and Theo P. Beasley, president of Republic National Life, warned against the danger that insurance executives, concerned with the problems of their own business, may overlook national and international issues which could seriously affect the future not only of insurance but of the nation. He stressed the insurance business never must lower its guard against permitting federal government to invade further the field of private business.

Clarence H. Taskey, actuarial president of Occidental Life of California, discussed methods of measuring expenses on A&H business, pointing out how this information enables a company quickly to detect policies which are unprofitable.

Raymond L. Ellis, vice-president of Fireman's Fund, in his address discussed the A & H sales potential for casualty companies, remarking that the main item needed is a large number of agents selling this line.

Mr. Ellis said there is too much apathy on the part of agents when it comes to disability business. Most of them say they don't know anything about it and many don't want to find out. The attitude is that disability lines interfere with other business, and there is the old argument that if there is difficulty settling an A & H claim, the entire account might be lost. It is obvious, he said, that agents who take this attitude have not fully appraised the situation and are thinking in terms of the small percentage of claims where there is difficulty.

"Actually, an agent or broker is subject to criticism if he neglects a client's disability protection and leaves him without adequate coverage or in the hands of a salesman more interested in making sales than providing an adequate program of insurance," Mr. Ellis declared. "The conscientious agent in the general insurance field wants to be looked upon as a professional man. It is his responsibility to determine the needs of his clients just as it is the duty of the family doctor to diagnose illnesses and prescribe remedies."

Mr. Ellis said disability coverage should be in the same category as fire, burglary or automobile protection. If

the agent sells entire insurance needs to his prospect, it is less likely that he will lose his automobile business to a direct writing company with the principal inducement of lower prices. The competent agent can point out that he is taking care of his customer's entire program protection and for many reasons it is not in the policyholder's best interest to divide his insurance in several parts and have different agents looking after it.

The commission on a well developed disability program may equal or exceed the income an agent gets on all of the balance of his client's insurance. The catch, Mr. Ellis remarked, is that A&H insurance must be sold while fire or automobile is often bought. Even though some progress has been made and some of the larger agencies are setting up A & H departments, it is one of the main responsibilities of the companies to interest more producers in the disability line. There is an increasing pressure politically for the business to do something about securing more adequate protection for more people, and the business has to meet the challenge. The general life and casualty companies and their agents can step in with credit to themselves, he said. They have been preaching the story of adequate coverage on property and liability insurance to the point where under-insurance is the exception rather than the rule, but in the disability line there is more serious under-insurance and inadequacy of protection than in any other field.

E. J. Faulkner, president of Woodmen Accident & Life, spoke on "Unity—Today's Challenge to Accident and Sickness," and Robert R. Neal, resident Washington counsel of the bureau and H. & A. Underwriters Conference, described "The Washington Scene."

One of the most significant A & H developments over the past year has been the start made toward cooperation among trade associations and toward approaching common problems on an industry-wide basis, Laurence B. Soper, assistant vice-president of New York Life, observed in his report as chairman of the bureau's governing committee.

While the development seems to offer encouragement that problems can be solved and that private industry will continue to provide protection needed by the insuring public, Mr. Soper said much remains to be done in consolidating progress. Though there is an "agreement in principle," he said it remains to be seen whether individuals, companies and associations are willing to make the necessary concessions for the common good. Many different

points of view must be reconciled and many technical and practical problems solved.

Noting that the A & H business is at a critical point in its history, Mr. Soper remarked that the best chance of successful dealing with the problems is through a strong and united industry. He said the business has been beset with disturbing developments the past year, but these alone served to stimulate action and bring about the desirable results more quickly than would have been the case if they were to evolve naturally. Though A & H men may disagree with many of the criticisms of the business and attempts at legislation, these should not be ignored because they undoubtedly reflect some lack of satisfaction with the job being done.

Mr. Soper averred that each A & H company should do some "soul searching," recognizing short-comings and taking steps to eliminate them. Companies should accept the responsibility for educating, influencing and policing companies, which are hurting the business. These important functions, he continued, can be performed most effectively through the cooperative action which is the purpose of trade associations.

As examples of steps taken toward bringing various interests together to improve the A & H business, Mr. Soper mentioned formation of the joint committee on health insurance, a committee consisting of two representatives and a senior staff member from each of seven trade associations, and the establishment of a Washington office to represent jointly the bureau and H & A Underwriters Conference.

Bureau membership as of Aug. 1 was 91 companies, Joseph F. Follmann, Jr., general manager, reported. The A & H premium volume of these companies exceeds \$1.1 million and is approximately half the total for all A & H.

Mr. Follmann reviewed developments of the year in A & H, commenting on the continued growth. Last year the pace of 20%, coupled with a development of policies. Many companies entering the individual hospital field, are experimenting with major medical, or are going into non-can. There is a trend toward extension of renewal in the older age groups.

He reviewed the activities of government in A & H, and mentioned that on the state level there was a good deal of action. In the light of these developments, Mr. Follmann said it is natural to expect decisions to be made in a climate of haste, "and which in turn could conceivably have an upsetting or even damaging effect upon the business and its manner of functioning." He advocated a cautious approach in an objective manner. Opinions have been expressed or decisions have been made with the inference that companies and associations with experience in the field have been negligent or unobjective, but Mr. Follmann reminded his audience that all businesses are periodically faced with evolutionary shifts. In A & H the last one was in the 1920's, and he said in the light of this historical reference a note of conservatism might be sounded.

The large amount of criticism of the A & H business in newspapers and magazines has had a noticeable effect on public officials and leaders of public opinion, but Mr. Follmann said the reaction on policyholders has been almost negligible. Cancellations have been rare, and there is no noticeable

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increase in sales resistance. "The business has continued its recent growth without wavering and agency forces of reputable companies appear to have been able to place the publicity, adverse or not, to good use."

Robert Waldron, associate director of public relations, said the bureau disseminated 20 public press releases and originated seven news stories during the year. The bureau is now becoming accepted as a reference source in the magazine publishing field, having had discussions with 16 national magazines on A & H articles during the year. Six free lance writers doing articles on A & H visited the bureau headquarters.

A & H was included as a course in part A of the CLU program last year.

Other members of the staffs reporting were John F. McAlevey, counsel; Francis T. Crawley, manager of the individual division, and Louis A. Orsini, manager of the group division.

Alfred W. Perkins, the new chairman, is a former commissioner of Maine. He graduated from the University of Maine and later received an MA there. He took post graduate study in actuarial science at the University of Iowa, entering insurance in 1944 with Aetna Life as an actuarial student. In 1939 he went with Pan-American Life as assistant actuary, and in 1942 was appointed Maine commissioner as a result of his setting up a retirement program for the state employees. He was a lieutenant in the navy for two years until 1946 when he resumed his position as commissioner. In 1947 he went with Union Mutual as associate actuary.

Faulkner Tells Aims of Health Committee Units

(CONTINUED FROM PAGE 6)
agencies that have evidenced an interest in it, securing within the industry adherence to ethical and advertising standards established by H&A Underwriters Conference, or the public relations program and code of practices being considered by the bureau.

A long-range look at the business is being taken by the third subcommittee, headed by Raymond Killion, 3rd vice-president of Metropolitan. It will recommend means through which A&H service to the public can be improved. Subjects receiving attention include working out more satisfactory arrangements between insurers on one hand and doctors and hospitals on the other, bettering methods of distribution which, without penalizing the agent, will result in lower cost. Other potential avenues of improvement lie in underwriting techniques that will eliminate dissatisfaction because of discontinuance of coverage; issuance of coverage devoid of exclusion; extension of insurance to risks not now generally thought insurable because of physical or occupational impediment; simplification of policy language; and intensified effort to reduce expense ratios.

Through the committee, Mr. Faulkner said, every aspect of A&H is being surveyed, inspected and tested to discover and overcome whatever weaknesses may exist. For the first time, he said, every element of the business is represented at a common conference table, intent on the solution of common problems.

John P. Braun, resident FBI agent at Kenosha, Wis., since 1948, has taken over the *Davies-McCall* agency of that city. A. B. McCall will remain with the agency. The co-founder, Richard Davies, died earlier this year.

Pa. Agents Discuss Ways To Meet Competition

(CONTINUED FROM PAGE 2)
to things that will disturb insured. Being constantly on the scene the local agent can find such things. He finds exceptional familiarity with one field, such as contractors, or auto dealers, effective.

Mr. Roha believes the agent's greater dollar value lies in his year around personal approach. But agents don't make enough calls. His agency makes every effort to see insured at delivery of a policy or renewal, and he thinks the \$10 premium is not dollar liability but an opportunity to get other business. He tries to explain every cover, and insured like the interest he thus expresses in their affairs. His agency advertises once a week in the newspaper. An Allstate agent acquaintance of Mr. Roha says he sells a lot of business because he isn't too proud to ring doorbells. Agents have sat in their offices too long, Mr. Roha declared. They must get out and tell their story.

Mr. Fritz added that he or others in the agency attend a lot of outings, make evening calls, give personalized Xmas gifts, lunch with insured—live with them.

One agent made a hit by arranging payment of catastrophe losses before insurer checks could be processed and delivered. He discovered small contractors, roofers and the like, couldn't afford to wait two or three weeks for their money, but companies were unable to get the checks written any faster than that. He arranged a revolving fund at the bank to pay up to 85% of each claim immediately the work was completed. This was highly effective.

As Allstate enters more states for fire, it is a threat to agents, F. W. Doremus, manager of Eastern Underwriters Assn., said. Therefore agents might look into the best ways of doing business. Perhaps eventually the fire policy will be handled by machinery, there may be six month collection, card billing, policywriting by machine and eventually payment of companies by item instead of by monthly account.

What can the agent do? He suggested agents do independent research on their problems—not depend on companies to do it for them—including marketing, what the public likes and wants, etc. The agent is in a favorable position to find out.

John J. Maguire of Philadelphia, chairman of the association's fire and allied lines committee, reviewed a number of coverage situations where he believes the companies and rating bureaus have not come up to good standard. Among others he mentioned smoke damage from adjoining premises, farm property rates and forms, church and school rates, consequential damage, hotel rates, coverage of church chimneys as a building item, and the confusion generated by new packages and forms.

For the boiler and machinery committee he warned that mutuals are getting the business under \$25,000 premium because stock insurers are not interested.

President Howard S. Coe of Philadelphia said membership is at an all time high. The association has been successful in eliminating some group insurance practices such as the national plumbing contractors group.

Stanley Cowman of Philadelphia in his report for the public relations committee gave the results of a survey of direct writer customers made in

Philadelphia recently. A lot of this direct writer business the local agent never had, he pointed out; they never tried to write it.

Do local agents want any of this business, do their insurers? He thinks agents can find a solution to the inroads of direct writers but perhaps will not be disposed to tell their companies and they are hurt more.

In the survey, 300 persons were interviewed in or near the premises of "you know who" to find out something about the buying habits of automobile owners. Results: 44 persons named the bureau insurer that insured them, 68 named non-bureau companies, 53 named mutuals, 25 did not know, 83 named "you know who" and 13 did not have insurance.

To the question, has an agent tried to sell you auto insurance the past year? 47 answered yes and 242 said no.

Holding the convention in Philadelphia is an experiment, usually it is in a middle of the state resort, and probably next year it will go to Pittsburgh. In this way the association hopes to get increased attendance and stir new member interest.

Multiple Peril Forum to Be Open to All Comers

NEW YORK—Because of the great interest that has developed in the forum on multiple peril dwelling forms to be run by the New York City Assn. of Insurance Agents, it has been decided to open the meeting to all who wish to attend, up to the capacity of the meeting room. The forum will be Sept. 28 at the Downtown Athletic Club. Tickets, which are \$5, may be obtained from Harry F. Legg, executive secretary of the association.

A number of companies maintained headquarters, including London & Lancashire, Ohio Farmers, New York Underwriters, North America, Fidelity & Deposit, Industrial, Manufacturers Casualty, North British, Hartford Accident, Employers, Meserole, America Fore, Crum & Forster, New Amsterdam, Glens Falls, Continental Casualty, American Casualty (which also sponsored the Delaware river cruise for agents), American, Camden, Fire Association, Home, Maryland Casualty, National Union, Pacific National, Great American, Fireman's Fund, London Assurance and U. S. Casualty.

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the HUNTERS are coming!**



The hunter in the picture is lucky—he ducked in time. It doesn't always happen that way, though . . . statistics show that hunters are their own worst enemies. That's why American Casualty agents feel that they do their clients a favor when they see that every hunter is given a chance to buy a Hunter's TRIPMASTER Policy. World wide protection against hunting, travel and other accidents. Up to \$50,000.00 Accidental Death and Dismemberment; up to \$5000.00 Accident Medical Expense. This year, under the combination plan* you can insure the hunter's baggage and shooting gear in addition to providing personal accident insurance. Policies written for any period from 1 day to 6 months.

Ask about Hunter's TRIPMASTER today. The hunting season is one of the most profitable in the year for sales of Accident and Baggage protection.

*Combination Tripmaster Accident and Baggage Plan is available in all states except N.J., Mass. and Texas.

American Casualty Company
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Report Investigation in Ohio of Ford's Tractor Insurance

CINCINNATI—The Ohio department is reported to be investigating Ford Motor Company's offer of liability, collision and comprehensive coverages "at no additional cost" in connection with tractor sales. Paul F. Brown, state agent Hanover, told members of Ohio Fire Underwriters Assn. meeting here that a number of farm magazines and newspapers have recently run ads promising these insurance features to purchasers of Ford tractors and other farm machinery. Previously Ford had advertised "free" insurance, Mr. Brown said. This was brought to the attention of A. F. Pryatel, deputy superintendent, who asked Ford for an explanation. Subsequently, the "no additional cost" wording was substituted for "free" in the advertising.

All Tex. Deviations Must Be Refiled

All fire deviations in Texas will have to be refiled on or before Dec. 1, according to a notice from Mark Wentz, fire insurance commissioner.

Mr. Wentz has sent out an order saying that in order to determine accurately what companies are writing at less than the maximum rates established by the board and if such rates are applicable to all risks of the same character situated in the community, all deviation filings must be refiled on a form to be prepared by the board of commissioners. If deviations are not refiled, they will be cancelled, the notice says. It concludes with the statement: "We are also going to require that all forms that have previously been filed be refiled after Dec. 1, 1954, if it is desired to continue use of such forms."

Prompt Claim Payment Helps Catch a Thief

The speed with which National Surety paid a bank robber claim recently in Shreveport, La., led, indirectly, to the capture of the suspected thief and an accomplice. The robbery took place at 11:45 in the morning and the full \$29,548 claim was paid that afternoon by L. H. Snow, local agent. Because of the promptness of the payment, the incident was re-enacted on the local TV station and was featured in newspapers in the area. Primarily because of the wide-spread knowledge of the robbery, the alleged thief and accomplice were arrested several days later, although they left no trail.

Ky. OKs Interbureau Form

Kentucky has approved filings of the comprehensive dwelling policy of Interbureau Insurance Advisory Group, effective Sept. 22. The filings were made by Kentucky Inspection Bureau, National Bureau of Casualty Underwriters and the Inland Marine Insurance Bureau.

The policy now is available in Connecticut, Illinois, Indiana, Maine, Maryland, New York, Oklahoma, Vermont, Nebraska, Tennessee and Michigan.

Mich. Okays Mutual Homeowners

Michigan has approved the filing of Mutual Insurance Rating Bureau on comprehensive dwelling policies, developed by Interbureau. The filing has previously been approved in Connecticut, Illinois, Indiana, Maine, Maryland, Nebraska, New York, Oklahoma, Tennessee and Vermont.

Prompt Stewart, Smith Binder Saves the Day for Milwaukee Braves

Stewart, Smith (Illinois) Inc. recently helped the Milwaukee Braves baseball team to keep an appointment.

The Braves had chartered a scheduled airline DC-6 to take 40 of their members on a round trip to Canada to play some exhibition games. The plane was due to leave Milwaukee at 11. At 10 that morning the Braves management realized their insurance protection for the trip was inadequate. Within 45 minutes, with the team already on board the aircraft, Stewart, Smith had bound and confirmed \$2 million accident coverage for the round trip.

The binder was immediately telephoned to the team manager at the airport, enabling the plane to take off on time.

Agent Sees Much Need for Uniformity of Forms

Morris J. Martin of the Lando agency, Pittsburgh, writes in comment of the article in the Sept. 2 issue on "Agents Display Interest in Clarifying Policies."

One of the biggest needs in the business, casualty-wise, is for the companies to get together on uniform forms which do not require the officers' signatures. An agent can have 25 fire companies and one cabinet drawer will hold all the forms he needs. To write just the basic auto, CPL and residence burglary policies, at least a cabinet crawler is need for each company. This works a space hardship when several companies are represented.

I also see the need for uniform auto and glass loss notices. We have made our own forms for these lines and have had no trouble in getting our companies to accept them. The uniformity saves quite a bit of time in both hunting for the right form and in hunting for the spaces on the form to insert the information.

Article Tells Facts on Home Fire Extinguishers

An article in the current edition of *Science and Mechanics* points out the advantages and disadvantages of equipment for fighting fires in the home. The story, "How to be Ready for Fire," by Allen Key, includes tables and charts concerning the various extinguishers available, giving costs, shooting range, and types of fires on which they may be used.

He cautions that use of any home method of fire protection should be tempered with common sense, a knowledge of the potential dangers of residential fires and cool-headed action when a crisis comes.

Map Safe Driving Plan

WASHINGTON—An insurance industry advisory committee to promote President Eisenhower's plan for national safe driving day has developed a working draft of a program for the plan, expected to be outlined by the president soon.

Cut N.Y.C. Dwelling Rates

A reduction from 25 cents to 20 cents in the rate for builders risks coverage on fire resistive buildings not exceeding 25 stories went into effect Sept. 13 in New York City.

Rogers to Mo.-Kan. Field

R. R. Rogers has been appointed special agent in western Missouri and Kansas for Western Millers Mutual. He is the son of R. M. Rogers, presi-

Late News Bulletins . . .

(CONTINUED FROM PAGE 1)

cott Hoffman of Brattleboro was named state national director. More than 225 attended the affair.

Administration not Seeking Federal WC Law

WASHINGTON—Labor Secretary Mitchell said the administration had no thought of seeking federal workmen's compensation legislation. Speaking at a National Press Club luncheon, Mr. Mitchell said the administration's interest is solely in bringing together all the pertinent data on WC "in order to focus attention on those states where we think workmen's compensation is woefully inadequate." Mr. Mitchell's statement was in answer to a question from the audience which was prompted by a speech by Labor Undersecretary Larson before the National Assn. of Claimants Compensation Attorneys Sept. 2 in which Mr. Larson called the country's WC laws "inadequate, inefficient, and generally behind the times."

Mass. Comp. Rate Cut Double Company Proposal

Massachusetts compulsory auto rates for 1955 will be reduced on private passenger cars by an average of 6.3% and for commercial vehicles 7.6%, according to the tentative schedule announced by Commissioner Humphreys. Rates will drop by \$4 million next year, twice the reduction recommended by the companies.

The reductions apply to every town and city in the state. Changes in the age and use classification will bring reductions considerably greater than the 6.3% for many young drivers. A new 2-B classification for young couples under 25 with children will save these car owners more than 25%. Young drivers with behind-the-wheel training also will save more than the average reduction.

A hearing on the schedule will be conducted by Mr. Humphreys Oct. 1 in Boston. Insurers, though concerned about the rates, will not attempt to block them. They termed the IR \$2 million suggested reduction as large as could be safely recommended.

Ohio Readying Welfare Fund Law

The Ohio insurance department is preparing legislation to effect regulation of union controlled health and welfare funds. Presently the insurance department has no authority to get into this field.

At the same time Congressman Bender is looking into the excavating, Building and Material Drivers union welfare fund at Cleveland.

NYFIRO Considering Next Move

New York Fire Insurance Rating Org. points out the decision of the New York state insurance department in connection with the North America matter contains the following paragraphs:

"NYFIRO argues inter alia that it has a common law copyright and property right in its dwelling class rate filings because they are the result of considerable work and expense on its part. There is no question that NYFIRO has expended large sums in the development of its dwelling class rating system including the preparation and maintenance of the town list. On the other hand this department is not a court of law. It cannot assess civil damages against insurers doing business in this state and its injunctive powers are limited. It should also be noted that the North America companies have offered to pay NYFIRO the reasonable value of any NYFIRO data used by them and that the offer has been refused.

"NYFIRO takes the position that it is entitled and required to determine who will use its work product and expresses the belief that the rating law itself prohibits NYFIRO from selling its services to non-members or non-subscribers on the ground that such sale would result, among other things, in an unwarranted evasion of the deviation section of the New York rating law.

"It is not easy for anyone who respects property rights to conclude that they can be rightfully appropriated without the consent of the owner, especially by a competitor."

There will be a meeting of the governing committee of NYFIRO shortly, at which a number of questions will be submitted for consideration including whether the departmental hearings should be continued, whether a judicial review should be undertaken of the decision of the insurance department, and whether an action in equity should be instituted against the North America companies seeking injunctive relief and monetary damages for alleged violation of the rating organization's property rights.

Truckmen's Ins. Co. of New York City has been licensed in New York to do a general casualty and motor vehicle fire, theft and collision business and will begin operations Oct. 1.

dent of Western Millers. R. R. Rogers has been in the air force for three years.

New Dallas-Houston Phone Books Are Out

The National Underwriter Co. has just published the 1954 edition of the Dallas and Houston Insurance Telephone Directory, in which are listed the names, addresses and telephone numbers of persons and companies active in insurance in these two cities. Copies may be ordered from the National Underwriter Co., 420 E. 4th street, Cincinnati 2, Ohio. The price is \$1.00.

R. W. Bird and E. M. Koenig, general liability and underwriting department managers, respectively, for George H. Brown & Sons, Chicago, with their wives are sailing for England Sept. 18 on the *Ile de France*. They will spend about three weeks in London conferring with Brown & Sons' correspondents, Jos. Hadley (Insurance) Ltd. The couples will also visit briefly on the continent before fly-

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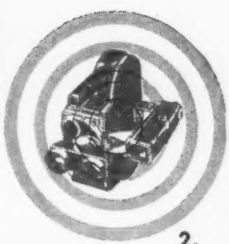
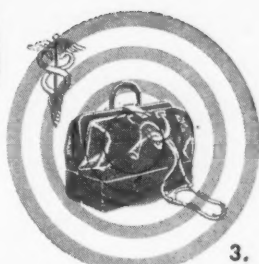
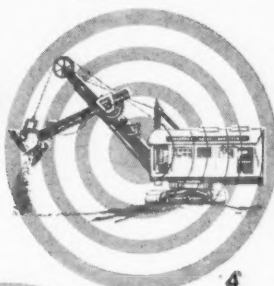
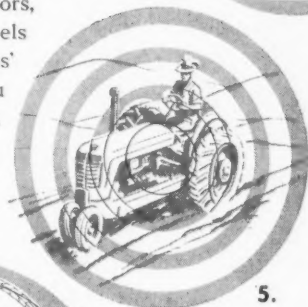
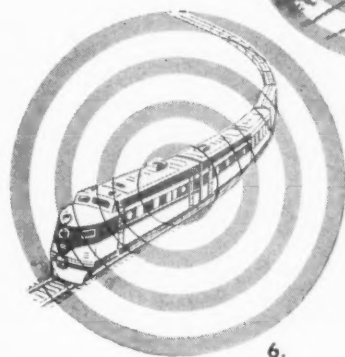
Who missed the boat?



—Asks Max D. Balsam
4824 Second Ave.
Pittsburgh, Pennsylvania

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jewels and cameras to tractors,
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choose will prove profitable.
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2. Camera Floater
3. Physicians' and
Surgeons'
Equipment Floater
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"Should general insurance men write life insurance?" asks
Mr. Balsam. "Let's look at the record. In 1945 I was called
to a little town 40 miles from Pittsburgh to check fire and
casualty policies of a small business firm. The job done and
my recommendations accepted, I called the local agent (not
through my office) and made proper changes.

"Among other things, I suggested Business Interruption
insurance, and obtained data on gross receipts and net profits.
A partnership was involved. I suggested some *Life Interruption*
insurance. It led to a series of related life sales to date in-
volving \$13,191.42 premiums. Remember, I just analyzed
the general insurance, but wrote the life. Who missed the
boat?"

• Continental has "grown up" with general insurance men . . .
become one of the "big 25" in record time largely because of them.

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Your No. 1 choice
for Life

From this background and experience
has come our full-line concept of insur-
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our equipment, methods, underwriting
and administration . . . making this truly
your kind of a life company.

Continental Assurance Company

Your kind of Life Company

ONE OF THE CONTINENTAL COMPANIES, CHICAGO

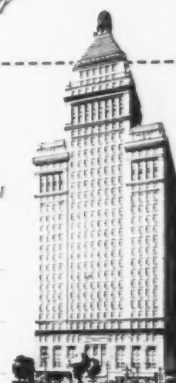
Continental Assurance Company
Suite 513, 310 So. Michigan Ave.
Chicago 4, Illinois

I'm open-minded! Please send me your portfolio, How a General
Lines Man Writes Life Insurance.

Name _____

Address _____

City _____ Zone _____ State _____



A Client Without Accident Insurance Is Like . . .



A Beekeeper Without A Net!

NO MATTER how careful a beekeeper is, he's bound to be stung if he works around the hive without his net. And no matter how careful your clients may be, they are not immune from the sudden blow of accident or injury.

If you have provided them with the protection of a Travelers Modern Accident Policy, you've given them a sturdy shield against the sting of financial loss.

Now is the time to make certain that your clients all have this vital form of protection against loss of income, savings, and earning power. Your nearest Travelers Manager will give you full details of Travelers broad, up-to-date Accident policies plus a selection of hard-hitting sales aids and leaflets.

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Hartford, Connecticut